



MAYOR AND COUNCIL

MEETING NO. 08-19
Monday, February 25, 2019 – 7:00 PM

AGENDA

Agenda item times are estimates only. Items may be considered at times other than those indicated.

Any person who requires assistance in order to attend a city meeting should call the ADA Coordinator at 240-314-8108.

7:00 PM **1. Convene**

2. Pledge of Allegiance

3. Agenda Review

7:05 PM **4. City Manager's Report**

7:10 PM **5. Community Forum**

Any member of the community may address the Mayor and Council for 3 minutes during Community Forum. Unless otherwise indicated, Community Forum is included on the agenda for every regular Mayor and Council meeting, generally between 7:00 and 7:30 pm. Call the City Clerk/Director of Council Operation's Office at 240-314-8280 to sign up to speak in advance or sign up in the Mayor and Council Chamber the night of the meeting.

6. Mayor and Council's Response to Community Forum

7. Mayor and Council Announcements

7:30 PM **8. Consent**

A. Authorization to Grant a Water Easement on Lot 1, Block E of the Spring Lake Park Halpine Subdivision

B. Authorization to Release and Extinguish an Existing Storm Drain, Water, and Sanitary Sewer Right-Of-Way Easement on Lot 1, Block E of the

Spring Lake Park Halpine Subdivision

- C. Award of RFP 02-19 Water Utility Billing Software**
- D. Award of Houston-Galveston Area Council (HGAC) Rider Contract #SC01-18, for the Purchase of a 2019 F550 16' Box Truck Equipped with Sewer Camera Observation Equipment, in the Amount of \$361,980.**
- E. Award of State of Maryland Rider Contract #BPO 001B9400159, for Eight (8) Police Cruisers to Hertrich Fleet Services, Inc. in the Amount of \$198,956**
- F. Award of NJPA Rider Contract #081716-NVS, Two Dump Trucks with Snow Plows and Salt Spreaders, to K. Neal International Trucks, Inc. of Hyattsville, Maryland in the Amount of \$321,871.90**

- 7:35 PM 9. Public Hearing for the North Stonestreet Avenue Comprehensive Master Plan Amendment**
 - 8:05 PM 10. Update from the Rockville Chamber of Commerce**
 - 8:15 PM 11. 2019 State Legislative Session Update and 2019 County Legislative and Policy Priorities**
 - 8:35 PM 12. Introduction, and Possible Adoption, of a Bond Ordinance to Authorize the Competitive Sale of Tax-Exempt 2019A General Obligation Bonds in an Amount Not to Exceed \$17,000,000 for the Purpose of Financing the Construction of Capital Projects, Water, and Sewer Improvements as Reflected in the City's FY 2019 Capital Improvements Program (CIP) and Related Issuance Costs**
 - 8:40 PM 13. National Golf Foundation Inc's Business Analysis of the RedGate Municipal Golf Course**
 - 9:25 PM 14. Discussion and Instructions on Project Plan PJT2017-00007, Shady Grove Neighborhood Center, for a Proposed Mixed-Use Center Consisting of Commercial, Office and Residential Uses at 15825 Shady Grove Road, 2 and 4 Choke Cherry Road and 2092-2098 Gaither Road; Lantian/1788/Shady Grove 31 III LLC, Applicants**
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- 9:45 PM **15. Presentation of the Fiscal Year 2020 Proposed Operating Budget and Capital Improvements Program**
- 10:15 PM **16. Introduction of a Resolution to Establish the Equivalent Residential Unit Rate to be Used in Calculating the Stormwater Management Utility Fee Pursuant to Chapter 19 Entitled "Sediment Control and Stormwater Management" of the Rockville City Code; and to Establish a Fee for Application for a Credit Against the Stormwater Management Utility Fee for Private Stormwater Management Facilities.**
- 10:20 PM **17. Introduction of a Resolution to Establish the Service Charge Rate for Municipal Refuse Collection and to Establish a Charge for Unreturned Refuse and Recycling Carts Pursuant to Section 20-6 of the Rockville City Code**
- 10:25 PM **18. Introduction of an Ordinance to Appropriate Funds and Levy Taxes for Fiscal Year 2020**
- 10:30 PM **19. Review and Comment - Mayor and Council Action Report**
- A. Mayor and Council Action Report**
- 20. Review and Comment - Future Agendas**
- A. Future Agendas**
- 21. Old/New Business**
- 10:45 PM **22. Adjournment**

The Mayor and Council Rules and Procedures and Operating Guidelines establish procedures and practices for Mayor and Council meetings, including public hearing procedures. They are available at: <http://www.rockvillemd.gov/mcguidelines>.



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Consent

Department: PW - Engineering

Responsible Staff: David Waterman

Subject

Authorization to Grant a Water Easement on Lot 1, Block E of the Spring Lake Park Halpine Subdivision

Recommendation

Staff recommends that the Mayor and Council authorize the City Manager to execute, in a form acceptable to the City Attorney, a water easement to AvalonBay Communities, Inc., successors and assigns in conjunction with the Avalon Twinbrook Station site development.

Discussion

The developer; Avalon Bay Communities, Inc (Avalon Bay); must relocate an existing water connection across a parcel of land owned by Rockville to accommodate the construction of the proposed multi-family unit on Avalon Bay's property. Rockville's parcel of land is along Halpine Road and adjacent to the Avalon Twinbrook Station development. City staff in Public Works and Forestry coordinated with the Avalon Bay to identify an acceptable location for the proposed water connection.

The proposed easement, which is depicted in Attachment A, is necessary to provide perpetual access to the property owner for the water connection located behind the water meter and on Rockville's parcel. This portion of the water connection will be maintained by the property owner. Staff supports granting this request for an easement.

The requested authorization supports the development at Lot 1 Block E of the Spring Lake Park Halpine subdivision.

Mayor and Council History

This is the first time this item has been brought before the Mayor and Council.

Next Steps

The City Attorney will review and approve the legal content of the documents. The City Manager will execute the documents for granting the easement. All documents will be recorded in the Montgomery County Land Records.

Attachments

Attachment 8.A.a: Attachment A (Water Esmt) (PDF)



Rob DiSpirito, City Manager

2/21/2019

LOT 1 BLOCK E
SPRING LAKE PARK
HALPINE SUBDIVISION
PLAT NO. 8389

TWINBROOK PKWY

THE MAYOR AND COUNCIL
OF ROCKVILLE, MARYLAND

**Proposed Water
Easement**

ALSACE LN

HALPINE RD

ARDENNES AVE

HIGGINS PL

Attachment 8.A.a: Attachment A (Water Esmt) (2485 : Authorization to Grant a Water Easement on Lot 1, Block E of the Spring Lake Park



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Consent

Department: PW - Engineering

Responsible Staff: David Waterman

Subject

Authorization to Release and Extinguish an Existing Storm Drain, Water, and Sanitary Sewer Right-Of-Way Easement on Lot 1, Block E of the Spring Lake Park Halpine Subdivision

Recommendation

Staff recommends that the Mayor and Council authorize the City Manager to execute a document, in a form acceptable to the City Attorney, to release and extinguish the storm drain, water, and sanitary sewer right-of-way easement in conjunction with the Avalon Twinbrook Station development project.

Discussion

The storm drain, water and sanitary sewer right-of-way (ROW); which was established in 1966 by Plat Number 8389; will no longer be necessary because the existing storm drain and sanitary sewer systems will be relocated to accommodate the proposed site layout. The ROW to be released is shown in Attachment A. The developer, Avalon Bay Communities Inc., will dedicate an easement to Rockville for the existing water line and relocated storm drain systems. The new easement will clarify maintenance responsibilities and be created to dedicate only the area needed to maintain the public water and storm drain infrastructure.

The requested authorization concerns the property located at Lot 1 Block E of the Spring Lake Park Halpine subdivision.

Mayor and Council History

This is the first time this item has been brought before the Mayor and Council.

Next Steps

The City Attorney will review and approve the legal content of the extinguishment documents. The City Manager will execute the document for releasing and extinguishing the easements. All documents will be recorded in the Montgomery County Land Records.

Attachments

Attachment 8.B.a: Attachment A (SD, Water & San Sewer to abandon) (PDF)

A handwritten signature in black ink, appearing to read "Rob DiSpirito", written over a horizontal line.

Rob DiSpirito, City Manager

2/21/2019



LOT 1 BLOCK E
SPRING LAKE PARK
HALPINE SUBDIVISION
PLAT NO. 8389

**Storm Drain, Water, and
Sanitary Sewer Right-of-Way
to extinguish**

THE MAYOR AND COUNCIL
OF ROCKVILLE, MARYLAND

TWINBROOK PKWY

ALSACE LN

HALPINE RD

ARDENNES AVE

HIGGINS PL



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Consent
 Department: Finance
 Responsible Staff: Roshan Sohoratally

Subject

Award of RFP 02-19 Water Utility Billing Software

Recommendation

Staff recommends that the Mayor and Council award RFP # 02-19 to Harris Computer - InHance for a water utility billing software system (UBS) to include a cashiering/point-of-sale system (POS) in the amount of \$177,640.00.

Discussion

The City requires an updated Utility Billing System (UBS) with a point-of-sale capability that will meet current core functions and future needs of the City. The current system is over 30 years old and is in dire need of an upgrade. The last major upgrade took place in 2006. The current system's functionality is limited, and underperforming compared to modern systems on the market. Additionally, the system does not meet the expectations of our customers for mobile payments or online account access.

The City's RFP requested a proposed system solution that would incorporate all aspects of utility billing services, including maintaining accounts, billing and collection, meter reading system integration, service order management, a cashiering/POS system with hardware included, real time payment processing, as well as a full customer self-service web portal.

Mayor and Council History

The City attempted an RFP process back in 2016 for a new system. There were seven candidates that responded; however, one candidate was disqualified due to submitting multiple proposals. Out of the six proposals, three were selected for interviews. The first interviewee was a no show, the second could not establish automatic bill payment in its online customer portal, and the third did not meet the criteria to satisfy the City's needs. No selection was made, or award recommended, and all proposals simply expired.

In 2017 the City issued RFP 38-17 for a new system. Six proposals were received, three of which offered both onsite and software as a service (SaaS) hosting options. One interviewee declined an invitation to provide an onsite demonstration of their product, and requested the withdrawal of their proposal, citing their recent acquisition by another company. Another

confirmed in writing that their proposed solutions could not currently meet several of the requirements contained within the RFP, which were related to online customer service functionality expected by our residents. The third proposed an “off the shelf” solution that provided inadequate functionality. The “off the shelf” product would have required a number of modifications to meet the City’s needs, resulting in increased costs to the City. As a result, it was not ranked high enough by the committee to merit further consideration. The remaining proposals were significantly over the City’s current, budgeted price point. No selection was made, or award recommended, and the Mayor and Council issued a rejection of all proposals on March 19, 2018.

This is the second time this item has been brought before the Mayor and Council. The Mayor and Council recognized the need for a new UBS and POS system by providing funding of \$165,000 in project GB16 of the City’s CIP.

Procurement

Staff prepared and publicly issued RFP # 02-19, in accordance with the City of Rockville Procurement Ordinance Section #17-62, for a water utility billing software system to include a cashiering/point-of-sale system on June 22, 2018. The RFP was posted on the City’s website and distributed to vendors through e-Maryland Marketplace, the State of Maryland’s electronic bidding site. Of the 543 prospective bidders: 158 were African American, 4 were American Indian, 75 were Asian, 16 were Hispanic, 5 were Disabled, and 120 were Woman Owned. In addition, 13 national firms were solicited directly. The due date for submitting a proposal was August 3, 2018.

The City received the following ten sealed proposals, which were evaluated by a committee consisting of City staff from the Departments of Finance, Information Technology, Public Works and the Division of Public Information with oversight by the City’s Procurement Division:

<u>Firm</u>	<u>MFD Status</u>	<u>Proposed Amount</u>	<u>Ranking</u>
Harris Computer – inHance	Non-MFD	\$213,720.00*	1
Harris ERP	Non-MFD	\$145,549.00	2
Edmunds & Associates	Non-MFD	\$95,305.00	3
Diversified Technology	Non-MFD	\$44,750.00	4
North/Star Utilities Solution (Harris)	Non-MFD	\$556,350.00	5
Muni-Link	Non-MFD	\$77,633.00	6
SpryPoint	Non-MFD	\$271,250.00	7
BizTech Fusion, LLC	African American	\$258,210.00	8
Tyler Technologies	Non-MFD	\$568,920.00	9

SEW (Smart Energy Water)	Non-MFD	\$58,212.00	10
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*Through negotiations, Harris Computer – InHance provided a revised price proposal totaling \$177,640.00

Based on the evaluation of the proposals by the committee as outlined in the RFP, and after performing an interview, clarification and negotiation process, the committee determined that Harris Computer – InHance has proposed the best value system solution and match for the City's water utility billing program.

Staff has verified references provided by the highest ranked proposer, Harris Computer – InHance, and they were found to be acceptable.

In accordance with Section 17-39 of the Rockville City Code, Awarding Authority, (a) All contracts involving more than one hundred thousand dollars (\$100,000.00) shall be awarded by the Mayor and Council.

Fiscal Impact

The Mayor and Council approved an increase to the project budget via adoption of Budget Amendment #3 on February 4, 2019.

The initial project budget of \$165,000 was increased by \$35,000 to a total of \$200,000. This is sufficient for an award of \$177,640.00 and a contingency of \$22,360.00 in the Water Utility Billing Software (GB16) CIP project. This project is equally funded by the Water Fund and Sewer Fund.

Next Steps

Upon Mayor and Council approval of the award, City staff will proceed with the contracting process for the system with Harris Computer – InHance, as well as other ancillary service providers.

Attachments

Attachment 8.C.a: CIP Project - Utility Billing Upgrade GB16 (PDF)

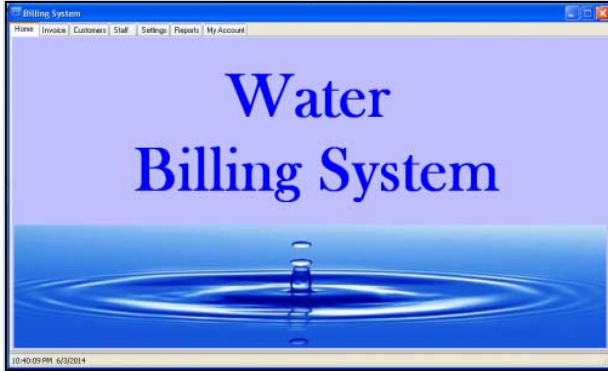


Rob DiSpirito, City Manager

2/21/2019



Utility Billing Upgrade (GB16)



Description: This project funds an updated utility billing and cashiering/payment solution that will meet current core functions and future needs of the City. The current system is over 30 years old and its functionality is limited compared to modern systems on the market. The new system will incorporate all aspects of utility billing services, including maintaining accounts, billing and collection, meter reading system integration, service order management, interface to a cashiering/payment system with real time payment processing, and a full customer self-service web portal.

Changes from Previous Year: Estimated completion moved to FY 2019 to allow additional time for vendor selection.

Current Project Appropriations

Prior Appropriations:	165,000
Less Expended as of 4/20/18:	-
Total Carryover:	165,000
New Funding:	-
Total FY 2019 Appropriations:	165,000

Critical Success Factor: Efficient and Effective City Service Delivery

Mandate/Plan: City Code

Anticipated Project Outcome: Better and more efficient service delivery to the City's utility customers.

Project Timeline and Total Cost by Type: Estimated completion shifted to allow additional time for vendor selection.

Type	Estimated Start		Estimated Completion		Estimated Cost			
	Original	Current	Original	Current	Original	Current	\$ Change	% Change
Planning / Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Other (IT services & equip.)	FY 2016	FY 2016	FY 2016	FY 2019	165,000	165,000	-	-
Project Total (\$):					165,000	165,000	-	-

Project Funding: This project is fully funded.

Source	Prior	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Future	Total
Paygo (Wtr)	93,000	-	-	-	-	-	-	93,000
Paygo (Swr)	72,000	-	-	-	-	-	-	72,000
Total Funded (\$)	165,000	-	-	-	-	-	-	165,000
Unfunded (Wtr)	-	-	-	-	-	-	-	-
Total w/Unfunded (\$)	165,000	-	-	-	-	-	-	165,000

Operating Cost Impact: Additional ongoing maintenance funding.

Fund	Prior	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Future	Total
Water	5,000	30,000	-	-	-	-	-	35,000

Project Manager: Roshan Sohoratally, Utility Revenue Supervisor, 240-314-8421.

Notes: This project first appeared in the FY 2016 CIP. FY 2019 work includes vendor selection, purchase, and implementation of new billing system.



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Consent

Department: PW - Fleet Services

Responsible Staff: John Davis

Subject

Award of Houston-Galveston Area Council (HGAC) Rider Contract #SC01-18, for the Purchase of a 2019 F550 16' Box Truck Equipped with Sewer Camera Observation Equipment, in the Amount of \$361,980.

Recommendation

Staff recommends that the Mayor and Council award a contract in the amount of \$361,980 to Atlantic Machinery Inc., of Silver Spring, MD for One (1) F550 16' box truck equipped with sewer camera observation equipment.

Discussion

The purchase of the F550 16' Box Truck Equipped with Sewer Camera Observation Equipment was approved in the Fiscal Year (FY) 2019 budget. The new truck will replace Unit #350 (2006 Dodge Sprinter van), which has met the replacement criteria for Age, over 10 years old and Usefulness, the current camera equipment cannot meet our current needs because of advances in technology.

This vehicle allows the Public Works Operations Maintenance Division to complete one of our major performance measures of maintaining our sewer main line condition assessments as scheduled, using Closed Circuit Television (CCTV). By assessing the condition of sewers, we can recognize issues and be proactive in our rehabilitation. This can help avoid service interruptions or sewer backups; which could result in sanitary sewer overflows either in the street or residents' basements.

The CCTV program drives and directs work for CIP projects as well as projects for the Public Works Operations Maintenance Division. Our CCTV program televises approximately 18 miles of mainline per year; which consists of 8 miles of scheduled mainline assessment, 7 miles of follow-up from service line rapid assessment tool (SL-RAT), 2 miles of follow-up from stoppages, and 1 mile of follow-up from root control program.

This vehicle will have the latest technology such as being equipped with a lateral launch system, which will allow us to evaluate conditions of laterals where we have no cleanout access, and laser pipe profiling, which gives the City of Rockville the ability to profile a pipe that may be out of diameter, deflected or deformed. This truck will have a new camera system that will have the added ability to drive in and install a pipe patch on the interior of pipe walls, and a more robust, user-friendly and upgraded software, which will allow us to assess our sewer infrastructure more effectively.

Unit #350 will be auctioned online.

Mayor and Council History

This is the first time this item has been brought before the Mayor and Council.

Procurement

This is a rider contract through the Houston-Galveston Area Council (HGAC), which serves as a municipal contracting agency throughout the nation with competitively-awarded contracts. The City's Procurement Division has used the Houston-Galveston Area Council (HGAC) for the purchase of goods and services in the past.

Purchasing off a Houston-Galveston Area Council contract gives the City of Rockville the best pricing, as these contracts are for a large number of vehicles that are purchased nationwide. By using the Houston-Galveston Area Council contract, the City is able to benefit from the volume pricing that is offered instead of issuing a competitive solicitation for only one (1) vehicle.

In accordance with Section 17-71(b) of the Rockville City Code, Cooperative Procurement, the City may contract with any contractor who offers goods, services, insurance or construction on the same terms as provided to other State or local governments or agencies thereof, who have arrived at those terms through a competitive procurement procedure similar to the procedures used by the City.

Fiscal Impact

The estimated cost for One (1) F550 16' box truck equipped with sewer camera observation equipment was \$430,000. The requested contract award has an associated cost of \$361,980. There is adequate funding in the Department of Public Works, Fleet Services Division, Vehicle Replacement Sewer account (220-850-0803-0431) for this award.

Next Steps

After award by the Mayor and Council, Procurement will issue a purchase order for \$361,980 to Atlantic Machinery Inc. of Silver Spring, MD for One (1) F550 16' box truck equipped with sewer camera observation equipment.

Attachments

Attachment 8.D.a: FY19 Fleet Replacement Schedule Camera (PDF)



Rob DiSpirito, City Manager

2/21/2019



Fleet Replacement Schedule

The City's Fleet Services Division continually monitors and maintains the City's fleet to ensure maximum useful life. Staff review the fleet each year and recommend replacement for vehicles meeting specific age, mileage, meter hours, condition, and usefulness criteria. When possible, vehicles will be reassigned within or between departments in order to maximize full unit life under the replacement criteria. Factors such as serviceability and technological life are also taken into consideration when making recommendations for replacement. The vehicles shown below are scheduled for replacement in FY 2019.

Fund	Depart.	Unit	Est. Cost	Fund	Depart.	Unit	Est. Cost
General	Police	10 Ford Crown Vic	\$29,130	General	PW	HD Salt Spreader (Dumps)	\$13,390
General	Police	10 Ford Crown Vic	\$29,130	General	PW	HD Plow (Dumps)	\$14,420
General	Police	10 Ford Crown Vic	\$29,130	General	R&P	03 NewHolland TN70D	\$49,450
General	Police	08 Chev Impala	\$29,130	General	R&P	8 Brushbandit Chipper	\$60,780
General	Police	10 Ford Crown Vic	\$29,130	General	PW	2008 Elkin Hi-Tech LP-8	\$61,810
General	Police	09 Chev Impala	\$29,130	General	PW	99 Bartley Trailer	\$6,180
General	Police	09 Ford Crown Vic	\$29,130	General	PW	LD Saltbox (Pickups)	\$8,240
General	Police	09 Ford Crown Vic	\$29,130	Water	PW	03 TrafCo Arrow Board	\$8,240
General	R&P	04 Chev 1500 ExtCab	\$26,520	Sewer	PW	Camera Truck	\$430,000
General	PW	03 Chev C8500 Dump	\$153,020	Refuse	PW	01 Peterbilt / Leach	\$249,000
General	PW	04 Chev C8500 Dump	\$153,020	Refuse	PW	01 Peterbilt / Leach	\$194,000



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Consent

Department: PW - Fleet Services

Responsible Staff: John Davis

Subject

Award of State of Maryland Rider Contract #BPO 001B9400159, for Eight (8) Police Cruisers to Hertrich Fleet Services, Inc. in the Amount of \$198,956

Recommendation

Staff recommends that the Mayor and Council award a rider contract to Hertrich Fleet Services, Inc. of Milford, Delaware in the amount of \$198,956. for Eight (8) Dodge Chargers in accordance with State of Maryland Contract #BPO 001B9400159.

Discussion

Eight (8) police vehicles were approved in the FY 2019 Adopted Operating Budget (Attachment A). The 8 vehicles have met the replacement criteria for age, 5 to 7 years old, and Mileage, as all are over 100,000 miles or will be by the time the replacements arrive. The requested contract award will provide the purchase of Eight (8) vehicles through a rider on the State of Maryland's Blanket Purchase Order BPO# 001B9400159.

Staff checked references with the State of Maryland and Montgomery County to verify the vendor's performance. The State of Maryland stated the vendor has acceptable performance pertaining to this contract. We requested and received a quote using the Montgomery County Contract for Police Cruisers; however, the price was not competitive with the State of Maryland contract. Based upon the information given to us by the State and our experience with this vendor, we are asking that this purchase be approved.

Mayor and Council History

This is the first time this item has been brought before the Mayor and Council.

Procurement

The State of Maryland awarded a blanket contract to Hertrich Fleet Services, Inc. of Milford, Delaware for providing law enforcement vehicles through September 30, 2019.

In accordance with Section 17-71 (b) of the Rockville City Code, Cooperative Procurement, "The City may contract with any contractor who offers goods, services, insurance, or construction on the same terms as provided other state or local governments or agencies thereof who have arrived at those terms through a competitive procurement procedure similar to the procedure used by the City."

Purchasing off a State of Maryland contract gives the City of Rockville the best pricing as these contracts are for a large number of vehicles that are purchased statewide. By using the State contract, the City can benefit from the volume pricing that is offered instead of issuing a competitive procurement for only eight (8) vehicles.

The cost of each of the Seven (7) Patrol 2019 Dodge Charger, with all options, is \$24,897.

The cost of One (1) Under Cover 2019 Dodge Charger, with all options, is \$24,677.

Fiscal Impact

The estimated cost for eight (8) police vehicles was \$233,040. The requested contract award equals \$198,956, therefore there is adequate funding available in the Department of Public Works, Fleet Services Division, General Fund budget for this award.

Next Steps

After award by the Mayor and Council, Procurement will issue a purchase order to Hertrich Fleet Services, Inc. for the eight (8) police vehicles.

Attachments

Attachment 8.E.a: FY19 Fleet Replacement Schedule Police Cars (PDF)



Rob DiSpirito, City Manager

2/21/2019



Fleet Replacement Schedule

The City's Fleet Services Division continually monitors and maintains the City's fleet to ensure maximum useful life. Staff review the fleet each year and recommend replacement for vehicles meeting specific age, mileage, meter hours, condition, and usefulness criteria. When possible, vehicles will be reassigned within or between departments in order to maximize full unit life under the replacement criteria. Factors such as serviceability and technological life are also taken into consideration when making recommendations for replacement. The vehicles shown below are scheduled for replacement in FY 2019.

Fund	Depart.	Unit	Est. Cost
General	Police	10 Ford Crown Vic	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	08 Chev Impala	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	09 Chev Impala	\$29,130
General	Police	09 Ford Crown Vic	\$29,130
General	Police	09 Ford Crown Vic	\$29,130
General	R&P	04 Chev 1500 ExtCab	\$26,520
General	PW	03 Chev C8500 Dump	\$153,020
General	PW	04 Chev C8500 Dump	\$153,020

Fund	Depart.	Unit	Est. Cost
General	PW	HD Salt Spreader (Dumps)	\$13,390
General	PW	HD Plow (Dumps)	\$14,420
General	R&P	03 NewHolland TN70D	\$49,450
General	R&P	8 Brushbandit Chipper	\$60,780
General	PW	2008 Elkin Hi-Tech LP-8	\$61,810
General	PW	99 Bartley Trailer	\$6,180
General	PW	LD Saltbox (Pickups)	\$8,240
Water	PW	03 TrafCo Arrow Board	\$8,240
Sewer	PW	Camera Truck	\$430,000
Refuse	PW	01 Peterbilt / Leach	\$249,000
Refuse	PW	01 Peterbilt / Leach	\$194,000



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Consent

Department: PW - Fleet Services

Responsible Staff: John Davis

Subject

Award of NJPA Rider Contract #081716-NVS, Two Dump Trucks with Snow Plows and Salt Spreaders, to K. Neal International Trucks, Inc. of Hyattsville, Maryland in the Amount of \$321,871.90

Recommendation

Staff recommends that the Mayor and Council award a contract to K. Neal International Trucks, Inc. of Hyattsville, Maryland, in the amount of \$321,871.90 for the purchase of two heavy-duty dump trucks equipped with power angle snowplows and material spreaders in accordance with NJPA Rider Contract #081716-NVS.

Discussion

The purchase of both trucks and attachments was approved in the Fiscal Year (FY) 2019 budget (Attachment A). The new trucks will replace Unit #484 (2003 Chevrolet) and Unit #485 (2004 Chevrolet), as well as two snow plows and two salt spreaders. Both vehicles have met the replacement criteria for age and are 15 years old or more. As it relates to condition, the repair and operating costs are high and parts are hard to obtain.

Heavy-duty, single-axle dump trucks are front-line vehicles used by the Public Works Operations Maintenance Division for hauling debris and street maintenance materials. Each truck will be equipped with a snowplow and salt spreader for snow and ice operations during inclement weather events.

Both vehicles and attachments will be disposed in accordance with City standard procedures via online auction.

Mayor and Council History

This is the first time this agenda item has been brought before the Mayor and Council.

Procurement

This is a rider contract award through the National Joint Powers Alliance (NJPA), which serves as a municipal contracting agency throughout the nation, with competitively-solicited and awarded contracts. The City of Rockville Procurement Division has previously used NJPA contracts. Purchasing off a NJPA contract gives the City of Rockville the best pricing as these contracts are for vehicles that are purchased nationwide. In addition, this contract has been utilized by other agencies, including Prince Georges County Schools and DC Water. Staff evaluated the price offered through this contract and found it to be reasonable when compared to the FY 2018 pricing for similar units.

In accordance with Section 17-71(b) of the Rockville City Code, Cooperative Procurement, the City may contract with any Contractor who offers goods, services, insurance, or construction on the same terms as provided to other state or local governments or agencies thereof, who have arrived at those terms through a competitive procurement similar to the procedure used by the City.

Fiscal Impact

The budgeted amount in FY 2019 for two heavy duty trucks equipped with power angle snowplows and material spreaders is \$333,850. There is adequate funding in the Department of Public Works, Fleet Services Division, vehicle replacement account (110-850-0803-0431), for this award of \$321,871.90.

Next Steps

Procurement will issue a Purchase Order to K. Neal International Trucks, Inc. for the purchase of two heavy duty trucks each equipped with power angle snowplows and material spreaders.

Attachments

Attachment 8.F.a: FY19 Fleet Replacement Schedule Dump Trucks (PDF)



Rob DiSpirito, City Manager

2/21/2019



Fleet Replacement Schedule

The City's Fleet Services Division continually monitors and maintains the City's fleet to ensure maximum useful life. Staff review the fleet each year and recommend replacement for vehicles meeting specific age, mileage, meter hours, condition, and usefulness criteria. When possible, vehicles will be reassigned within or between departments in order to maximize full unit life under the replacement criteria. Factors such as serviceability and technological life are also taken into consideration when making recommendations for replacement. The vehicles shown below are scheduled for replacement in FY 2019.

Fund	Depart.	Unit	Est. Cost
General	Police	10 Ford Crown Vic	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	08 Chev Impala	\$29,130
General	Police	10 Ford Crown Vic	\$29,130
General	Police	09 Chev Impala	\$29,130
General	Police	09 Ford Crown Vic	\$29,130
General	Police	09 Ford Crown Vic	\$29,130
General	R&P	04 Chev 1500 ExtCab	\$26,520
General	PW	03 Chev C8500 Dump	\$153,020
General	PW	04 Chev C8500 Dump	\$153,020

Fund	Depart.	Unit	Est. Cost
General	PW	HD Salt Spreader (Dumps)	\$13,390
General	PW	HD Plow (Dumps)	\$14,420
General	R&P	03 NewHolland TN70D	\$49,450
General	R&P	8 Brushbandit Chipper	\$60,780
General	PW	2008 Elkin Hi-Tech LP-8	\$61,810
General	PW	99 Bartley Trailer	\$6,180
General	PW	LD Saltbox (Pickups)	\$8,240
Water	PW	03 TrafCo Arrow Board	\$8,240
Sewer	PW	Camera Truck	\$430,000
Refuse	PW	01 Peterbilt / Leach	\$249,000
Refuse	PW	01 Peterbilt / Leach	\$194,000



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Public Hearing
 Department: CPDS - Long Range Planning
 Responsible Staff: Andrea Gilles

Subject

Public Hearing for the North Stonestreet Avenue Comprehensive Master Plan Amendment

Recommendation

Staff recommends that the Mayor and Council hold a public hearing on February 25. Staff also recommends that the Mayor and Council keep the public record open until close of business on March 4, one week after the public hearing.

Change in Law or Policy

If approved, the North Stonestreet Avenue Comprehensive Master Plan Amendment (the "Master Plan Amendment") would, for the subject area, 1) change the land use designation on the Planned Land Use Map, and 2) amend applicable text in the 2002 Comprehensive Master Plan, the 2001 Town Center Master Plan, the 2004 East Rockville Neighborhood Plan, and the 2007 Lincoln Park Neighborhood Plan.

Discussion

On February 25, 2019, the Mayor and Council will hold a public hearing on the Master Plan Amendment, (Attachment A).

Background

On August 1, 2018, the Mayor and Council directed staff to move forward on recommendations for three of the "opportunity areas" identified in the Stonestreet Corridor Study, which can be found on Rockville's Web site, at <https://www.rockvillemd.gov/2004/Stonestreet-Corridor>. Two of the opportunity areas involve infrastructure improvements, to N. Stonestreet Avenue and to the location where S. Stonestreet Avenue intersects with Park Road, both of which will move forward during the Capital Improvements Program (CIP) budgeting process.

The third area is the subject of this agenda item and public hearing. Specifically, the Mayor and Council directed staff to initiate, as soon as possible, the process to amend the Planned Land Use map and applicable text in Rockville's Comprehensive Master Plan (CMP) and related neighborhood plans, for properties generally located on North Stonestreet Avenue between Spring Avenue on the north and Howard Avenue on the south. The properties are currently

occupied by Montgomery County Public Schools and Crusader Baptist Church, the latter of which is in an historically-designated former high school. Together, these properties will be referred to as the “subject area.”

Planning staff presented a draft of the plan amendment to the Planning Commission on September 12, 2018. The Planning Commission approved, with refinements, the release of the draft and set the public hearing date for November 14th. At the public hearing, the presidents of the Lincoln Park and East Rockville Civic Association expressed support for the plan amendment, and three other community and business owners provided general comments about the larger Stonestreet study area and/or had questions. The transcript for the public hearing is Attachment B. The public record was kept open until 5:00 p.m. on November 21st, 2018, and written testimony was received, and is Attachment C. The Planning Commission held a work session on December 12, 2018 to discuss the oral and written testimony, and directed staff to make minor modifications based on input received.

At that same December 12th meeting, the Planning Commissioners voted unanimously to approve and recommend for adoption by the Mayor and Council the Master Plan Amendment, subject to the directed modifications. After making the directed modifications, the approved Master Plan Amendment, which is included as Attachment A, was transmitted to the Mayor and Council. The Planning Commission Resolution (Attachment D) certifies and attests, as required by the Land Use Article of the Annotated Code of Maryland, the Planning Commission recommendation for approval.

On January 15, 2019, staff presented the Master Plan Amendment to the Mayor and Council. At that meeting, the Mayor and Council approved the release of the Master Plan Amendment for public testimony and set the Mayor and Council public hearing date for February 25, 2019.

Master Plan Amendment Purpose

The Master Plan Amendment that was approved by the Planning Commission proposes changes to the Planned Land Use Map for the subject area and adds design guidance to the plan text, both of which would apply to new development in this area. This language would replace any conflicting text from the 2001 Town Center Master Plan, the 2002 Comprehensive Master Plan, the 2004 East Rockville Plan, and the 2007 Lincoln Park Neighborhood Plan.

This plan amendment reflects the updated vision for the subject area that was developed through the community engagement process for the Stonestreet Corridor Study. Specifically, this amendment:

- Changes the planned land use classifications from current policy, which is primarily for single-family detached development, to land use designations that promote a mix of residential and commercial uses. (Attachment A, pages 7-8).
- Provides design guidance that includes placing the more-intense development furthest from existing single-family detached residential and scaling new development nearest

the existing residential areas to be compatible with being adjacent to single-family communities (Attachment A, pages 8-9).

State of Maryland Requirements and the Public Hearing

The Land Use Article requires the Mayor and Council, as the legislative body for the city, to approve, modify, remand, or disapprove the Master Plan Amendment within 90 days of receipt of the document, or it will be considered approved. The Mayor and Council, by resolution, may extend the deadline to act by up to an additional 60 days if there are exigent circumstances that prevent the Mayor and Council from acting on the plan amendment. The Mayor and Council is required to hold a public hearing before adopting or modifying the plan amendment.

Based on the deadlines established by State law, the Mayor and Council will need to approve, modify, remand, or disapprove the Master Plan Amendment by April 11, 2019 – which is 90 days after it was transmitted to the Mayor and Council. The public hearing scheduled for February 25, 2019 will allow the Mayor and Council to adopt the Master Plan Amendment in its current form or modify and adopt the modified plan amendment. If the Mayor and Council choose to extend the deadline due to exigent circumstances, the deadline to act on the plan could be extended to June 10, 2019.

Mayor and Council History

In 2017, the Mayor and Council initiated the Stonestreet Corridor Study. After the community engagement process, the Mayor and Council held two work sessions in 2018, which resulted in the August 1, 2018 direction to start the process of amending the Comprehensive Master Plan in accordance with the results of the study. The Planning Commission completed its review of the Master Plan Amendment on December 12, 2018 and forwarded its recommendation for approval to the Mayor and Council. On January 15, 2019, the Mayor and Council approved the release of the Master Plan Amendment that was approved by the Planning Commission for public testimony, and set a public hearing date for February 25, 2019.

Options Considered

This plan amendment is the first step toward implementing recommendations from the 2018 Stonestreet Corridor Study. The study identified recommendations for five key opportunity areas, including two others that may have involved changes to the Comprehensive Master Plan. Moving forward simultaneously with all opportunity areas was initially considered. The Mayor and Council decided to focus first on the land use and design guidance for this subject area plan amendment, and to defer other land use issues from the study to the Rockville 2040 process.

Public Notification and Engagement

Upon setting the Planning Commission public hearing date for November 14, the draft plan amendment was submitted to the Maryland State Clearinghouse on September 14, 2018 for dissemination to the State entities responsible for financing or constructing public

improvements necessary to implement the plan, which satisfies requirements of the Land Use Article. On that same day, the draft document was circulated to representatives from surrounding jurisdictions, Montgomery County Public Schools, representatives from the East Rockville and Lincoln Park civic associations, and community members involved in the Stonestreet Corridor Study process. A Notice of Public Hearing was published in the Washington Post on October 18. The November edition of Rockville Reports included an article about the public hearing.

In addition to the required notification, for each step in the Planning Commission review and action process, a message was sent to the email list of residents, business owners, local agencies, and other interested parties that was developed as part of the Stonestreet Corridor Study process.

Prior to the November 14th Planning Commission public hearing, written testimony was received from four individuals, two of whom represented Maryland state agencies (Attachment B). At the public hearing, five individuals provided testimony. A transcription of that testimony is included as Attachment C. The majority of commenters expressed support of the plan amendment, with two individuals voicing concerns and wanting further clarification about future redevelopment.

The Mayor and Council public hearing provides another opportunity for input on the Master Plan Amendment. The notice of the February 25th public hearing was published twice in the Washington Post as well as in the February edition of Rockville Reports. Staff has informed stakeholders in Lincoln Park, East Rockville and the Stonestreet business community, and sent notice to Montgomery County Public Schools, Montgomery County, the City of Gaithersburg and the State of Maryland Clearinghouse. Staff has also sent notification to the listserv set up for this project.

Staff will continue to keep the Stonestreet community stakeholders updated throughout the Mayor and Council process.

Previously, the community was engaged intensively during the development of the Stonestreet Corridor Study, which involved five public meetings and many additional meetings with neighborhood and business stakeholders.

Boards and Commissions Review

At its meeting on December 12, 2019, the Planning Commission discussed public testimony that was received at the public hearing and during the open record period. There were two recommendations, both from the Maryland Department of Planning (MDP), that staff supported, and the Planning Commission discussed in further detail. Both recommendations included adding language to the design guidelines section (Section C, page 9) of the plan amendment to further address:

1. Street connections and safe pedestrian access and crossings (Section C, b. Public Realm Improvements, bullet 2), and
2. The safety and design of new buildings near the rail lines (Section C, g. Rail Line Impact Mitigation).

Staff suggested new text for each point, and after minor refinements, the Planning Commission accepted the recommended language.

The Planning Commission also agreed that it was their preference to bolster the language on pages 5-6 of the plan that describes Figure 1, the illustrative concept that represents one potential redevelopment example for the area. Commissioners wanted it further emphasized that the figure was only one example of many potential redevelopment alternatives, and that actual build-out would most likely look very different from the image.

Next Steps

Staff recommends that the following be the next steps in the plan amendment process:

1. February 25th - Mayor and Council public hearing;
2. March 4th – Close of public record, for receipt of written testimony;
3. March 25th - Mayor and Council discussion of testimony and direction regarding any final revisions to the Master Plan Amendment, and adopt a resolution to extend the deadline to act on the Master Plan Amendment by 60 days in accordance with State requirement;
4. April 29th – Introduction and possible adoption of the plan amendment.

If the plan amendment is approved, staff will follow up at a future meeting to recommend the initiation of the process to amend the Zoning Ordinance and Zoning Map to reflect the policies of the amended plan.

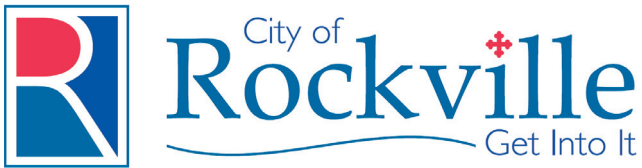
Attachments

Attachment 9.a:	Stonestreet Plan Amendment Planning Commission Draft	(PDF)
Attachment 9.b:	Stonestreet Planning Commission Public Hearing Transcription	(PDF)
Attachment 9.c:	Stonestreet Planning Commission Written Public Testimony	(PDF)
Attachment 9.d:	Stonestreet Planning Commission Resolution	(PDF)



Rob DiSpirito, City Manager

2/21/2019



City of Rockville Mayor and Council

Meeting Date: February 25, 2019

Report Date: February 20, 2019

North Stonestreet Avenue Comprehensive Master Plan Amendment Planning Commission Draft

Responsible Staff: Andrea Gilles, AICP, Principal Planner, Long Range Planning
240.314.8273 | agilles@rockvillemd.gov

Summary

On August 1, 2018, the Mayor and Council directed staff to initiate a plan amendment for a specific portion of North Stonestreet Avenue, generally between Howard Avenue to the south and Spring Avenue to the north. A staff draft of the plan amendment was presented to the Planning Commission at their meeting on September 12. The Commission voted to release the staff draft, with revisions, as the public hearing draft and scheduled the public hearing for November 14, 2018. A Planning Commission worksession was held on December 12, at which time Commissioners voted to forward the following document, with minor refinements, as the Planning Commission Draft of the North Stonestreet Avenue Comprehensive Master Plan Amendment.

The subject area was identified as a key opportunity area in the Stonestreet Corridor Study, authorized by the Mayor and Council in February 2017. After a series of community meetings and substantial public input, the Study resulted in generally strong support for changing the planned land use to promote mixed-use development with moderate density potential. This plan amendment reflects that vision for the area.

In addition to changes to the Planned Land Use map and relevant language, this amendment includes design guidance that directs the more intense redevelopment toward N. Stonestreet Avenue, away from existing single-family residences, and the most compatible, purely residential uses, closest to the existing neighborhoods.

Subject Area



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1.1 SUMMARY

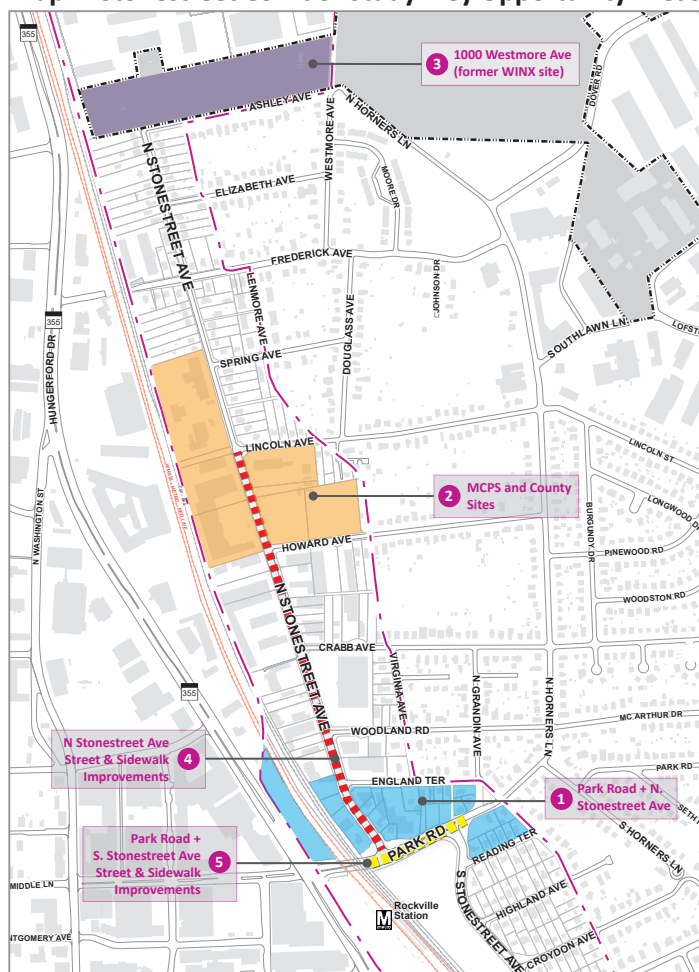
The purpose of this amendment to the Comprehensive Master Plan is to change the Planned Land Use for a specific set of properties along N. Stonestreet Avenue and provide additional design guidance for redevelopment.

Through the Stonestreet Corridor Study public engagement process and planning analysis, key issues were identified and confirmed. As in previous plans, this area was recognized as a priority area, and a more walkable and neighborhood-oriented place was imagined. A shift from the prior plans, however, was general support for a more diverse set of land use options including, multi-unit residences, duplexes, rowhouses, townhouses, retail, services, and a science center. The land use designations from prior plans have not supported this type of development. This plan amendment reflects an updated vision for the subject area.

Specifically, this amendment:

- Changes the Planned Land Use classifications for a set of properties that have been designated for primarily single-family detached, with some residential attached, development to designations that promote a mix of residential and commercial uses (pages 7-8).
- Provides additional design guidance that includes placing the more intense development furthest from existing single-family detached residential and appropriately scaling new development nearest the existing residential areas (pages 8-9).

Map 1: Stonestreet Corridor Study: Key Opportunity Areas



1.2 BACKGROUND

On February 6, 2017, the Mayor and Council approved a Scope of Work for the Stonestreet Corridor Study. The Study area included approximately 145 acres of land, generally encompassing the east and west sides of North and South Stonestreet Avenues, from the northern boundary of Westmore Road to where South Stonestreet Avenue terminates to the south. The process for the Study was community-driven and resulted in recommendations for land use, zoning, and infrastructure in five key opportunity areas within the Corridor.

This plan amendment area (subject area) was one of the five key opportunity areas identified by the Stonestreet Corridor Study (see Map 1, Area 2). On August 1, 2018, the Mayor and Council prioritized this key opportunity area, and directed staff to initiate an amendment to the City's Comprehensive Master Plan, and associated Neighborhood Plans, as one of the first steps toward implementing the recommendations outlined in the Study.

1.3 PLANNING FRAMEWORK

Recommendations for the subject area have been a component of several plans, including the 2001 Town Center Master Plan; the 2004 East Rockville Neighborhood Plan (ERNP); the 2007 Lincoln Park

Neighborhood Plan (LPNP); and the 2002 Comprehensive Master Plan. Both the 2004 ERNP and the 2007 LPNP called for changes to N. Stonestreet Avenue in general, and the subject properties in particular. They sought to add community-serving uses to the existing light industrial base, south of the Howard Avenue, and to improve the infrastructure for pedestrians, to establish greater compatibility with the adjacent neighborhoods. North of Howard Avenue, in the subject area, both plans called for primarily single-family detached homes, with the potential for some low-density townhouse and duplex development. An institutional classification was designated on the former Lincoln High School building property (see Map 3, page 8).

Although the Planned Land Use map and text from the LPNP and the ERNP provide guidance about the inclusion of potential townhouse and duplex units, at "the maximum theoretical density afforded in the R-60 Zone" (Lincoln Park Neighborhood Plan, page 19), all of the subject properties are currently zoned R-60, which only permits single-unit detached developments. This development pattern is further promoted through the Lincoln Park Conservation District, which currently includes the subject area, and includes additional regulations geared toward single-family detached residences.

Map 2: Aerial of the Subject Area + Surrounding Land Uses



1.4 AREA AND CONTEXT

A. Description of the Subject Area

The subject area consists of approximately 14.10 acres of land, generally located along N. Stonestreet Avenue between Howard Avenue to the south and Spring Avenue to the north (see Map 2). The Montgomery County Public Schools (MCPS) Department of Materials Management offices, warehouses, and storage trailers are located on roughly 12.5 acres on the west side of N. Stonestreet Ave, adjacent to the rail lines, except for the overflow storage trailers on the east side of the street along Howard Avenue.

The other nearly 2 acres, is the site of the former Lincoln High School building at the corner of N. Stonestreet and Lincoln Avenues. Both the building and the property, owned by Montgomery County, were designated as a local historic district by the City of Rockville in 1989. The building is currently home to the Crusader Baptist Church.



Images of the plan amendment area.

Historically, some form of MCPS facilities has existed at this location since the 1930s. As the MCPS system grew throughout the years, so did demand for services at this location, but facility upgrades did not keep pace. One of the most notable examples of this is the lot full of semi-trailers, utilized for storage, at the northeast corner of N. Stonestreet and Howard Avenues. The storage trailers are immediately adjacent to the single-family neighborhood to the east and are not compatible with the residential context.

B. Surrounding Land Uses

The land uses that surround the subject area include warehouse buildings, auto body shops, offices, and a few creative/artist spaces along N. Stonestreet Ave to the south; the East Rockville and Lincoln Park neighborhoods to the east and southeast; the Lincoln Park neighborhood to the north; and the CSX and WMATA rail lines to the west. Some of the strongest feedback from the surrounding businesses and residents regarding the plan amendment area, if it were to redevelop, was the desire to allow the existing businesses south of Howard Avenue to continue, and to ensure that new development was neighborhood-serving, well-integrated into the existing fabric, and was sensitive in scale with adjacent residences.



Surrounding Land Uses

C. Connectivity

A recurring theme from past plans, as well as the Stonestreet Corridor Study process, is the need for an improved pedestrian environment. The intersection of N. Stonestreet and Howard Avenues is 1/2 mile from the Rockville Metro Station, a manageable walking and biking distance to multiple local and regional transit options. Currently, however, pedestrian infrastructure is limited and N. Stonestreet Avenue has been built almost exclusively for the passage of cars and trucks.

Progress has been made in recent years to improve pedestrian and bicycle infrastructure in the area. A new sidewalk and bicycle lane was recently installed adjacent to the Metro station along S. Stonestreet Ave. A Capital Bikeshare station was installed at the Lincoln Park Community Center, adding to the locations at the Rockville Metro Station. Both travel lanes on N. Stonestreet Avenue include painted "sharrows" (share-the-road painted bike and arrow markings) to indicate a shared road with bicyclists. On a more transformative level, along with the authorization of this plan amendment, the Mayor and Council also directed staff to include, as part of the proposed FY2020 Capital Improvements Program (or earlier, if possible), design for improvements to N. Stonestreet Avenue. Proposed improvements include enhanced sidewalks on both sides of the street, improved street lighting, landscaping, and improved bicycle infrastructure. These proposals, when constructed, would provide a much needed shift on N. Stonestreet Avenue toward better accommodating walkers and bikers, along with vehicles.

D. Parks and Community Facilities

There are several parks and community facilities within walking distance of the plan amendment area. Within a half mile is Isreal Park, with 6.7 acres that include tennis and basketball courts, a softball field, park shelters, and playground equipment. Isreal Park is adjacent to the Lincoln Park Community Center at Frederick Avenue and N. Horners Lane. On a smaller scale, the Pump House community space and adjacent Croyden Park is within a mile on S. Horners Lane in East Rockville. Town Center, which includes the Rockville Memorial Library and Town Square Park is accessible on foot or bicycle. Other nearby facilities include the Rockville Swim and Fitness Center, Welsh Park, Maryvale Elementary School, and Montgomery College.

If the subject area is redeveloped and new residential units are built, additional public open space and community facilities should be incorporated to meet the recreational needs of a growing community. One opportunity area for additional park and open space within the plan amendment area is the grounds of the former Lincoln High School, a local Historic District. The historic building, currently home to the Crusader Baptist Church, sits on just under 2 acres of land. The concept for the subject area that was prepared as part of the Stonestreet Corridor Study illustrates a potential configuration for this property, as well as how park and open spaces could be incorporated into other areas as well (see Figure 1, page 6). Connecting new spaces with the existing community use space network should be a priority in order to enhance these amenities for both new and future residents.

1.5 COMMUNITY ENGAGEMENT

The Stonestreet Corridor Study, the precursor planning process that led to this amendment, included five well-attended community meetings and several small group and civic association meetings in 2017 and 2018. The subject area was identified as a priority area for action at the first meeting. Some of the comments expressed about the area included:

- Addressing the MCPS storage trailers on N. Stonestreet Avenue;
- Preserving the former Lincoln High School building, currently home to the Crusader Baptist Church, while recognizing the importance of the congregation itself;
- Promoting more mixed-use development, including both housing and local-serving retail;
- Interest in a science center; and
- Addressing connectivity and pedestrian access.

The subject area was the sole topic of the second meeting at which current uses were discussed and future land uses were brainstormed. Staff from MCPS presented at that meeting and acknowledged the shortcomings of their current facilities and the location and being open to a new location should the opportunity arise. They also emphasized the challenge of relocating their operations given the competing needs of overcrowded school buildings. At the community meeting on December 5, 2017, based on input up to that point, a redevelopment concept was presented and discussed for the subject area (see Figure 1, page 6). The concepts were presented again as components of the draft recommendations at the final public meeting. The public process resulted in generally strong support for setting a framework for a mixed-use concept with moderate intensity development.

1.6 PROPOSED COMPREHENSIVE MASTER PLAN CHANGES

A. Area Goals

The public process for the 2018 Stonestreet Corridor Study resulted in generally strong support for setting a framework for redevelopment that promoted a mixed-use concept with moderate density potential. Meeting participants were in general agreement that single-family detached residential as a primary use was not the most appropriate development for the area, particularly on the properties abutting the rail lines.

There was general acceptance for a mix of walkable, neighborhood-serving uses geared toward the corner of N. Stonestreet Ave and Howard Ave, with the more intense development occurring on the rail side and scaling down on the east side of N. Stonestreet Ave. For properties immediately adjacent to existing single-family homes, feedback was strong about ensuring that new housing would be compatible in scale, and well-integrated with the existing neighborhoods. There was also a desire to permit the businesses south of Howard Avenue to be able to remain in business at their current locations. Comments about the historic Lincoln High School building and property, currently utilized by the Crusader Baptist Church, included that the property should provide community-serving uses (consistent with the Lincoln Park Neighborhood Plan, page 24), the historic building should be preserved, and the church should be better recognized as the current user of the building.

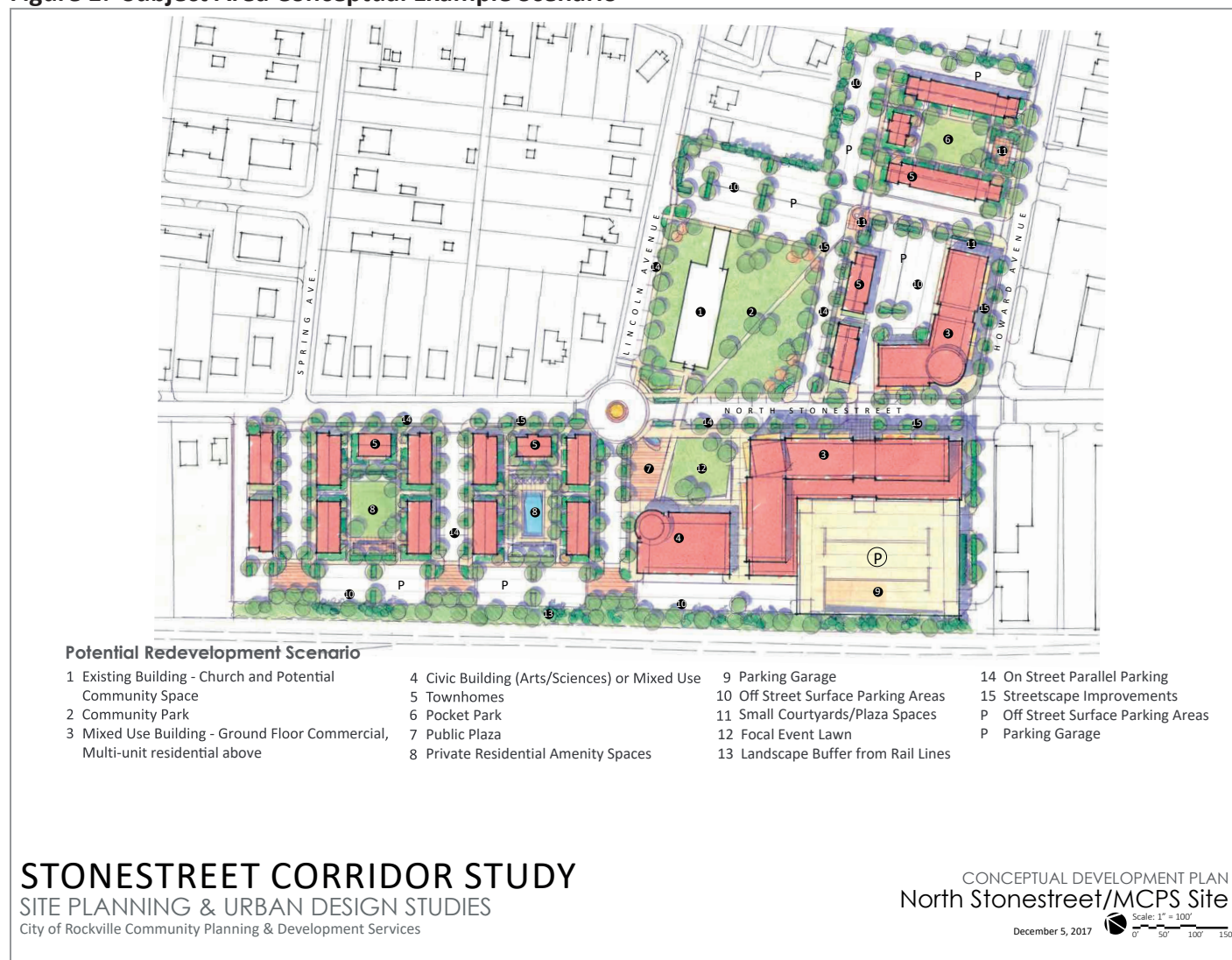
In the event that the subject properties become available for redevelopment, they should include:

- A mix of local-serving commercial, creative and maker spaces, community facilities, and diverse housing opportunities, which are well integrated with the Lincoln Park and East Rockville neighborhoods and take advantage of transit proximity.
- A range of new, well-designed housing types, ensuring compatibility in scale with adjacent single-family residential homes in Lincoln Park and East Rockville. New housing should be diverse and build upon the eclectic nature and history of the housing stock of the neighborhoods to the east.
- A balanced mix of housing, which should include market-rate, moderately priced, and lower-priced units. New housing and other non-residential development should strengthen the surrounding neighborhoods. The housing should be accessible to existing residents as well as to new buyers or renters.
- Consideration about affordability for long-term residents in the adjacent neighborhoods. Current residents raised concerns about new development over-gentrifying the area. Given that the subject properties are publicly owned, prior to redevelopment, the city and the county should explore approaches to minimize potential pressures.
- An upgraded pedestrian environment including enhanced sidewalks on both sides of N. Stonestreet Avenue, landscaping, street trees, and pedestrian-scale lighting.
- Preservation of the historic structure that was the Lincoln High School, and is currently utilized by the Crusader Baptist Church.
- New, well-connected and publicly accessible community gathering and civic spaces.

The City should seek creative approaches to meeting these goals, including public/private partnerships, infrastructure investments, financing mechanisms, and/or others.

Figure 1 below is a concept of one potential development scenario that graphically represents ideas and written input received during the Stonestreet Corridor Study process. It also illustrates a general feasibility, given certain assumptions, for this alternative. The figure is conceptual and is for illustrative purposes only. At the time of this amendment, there was no proposed development project. Actual development will be required to comply with all applicable plan guidance, development regulations, and site constraints and will most likely result in a different build-out configuration. The concept was generally well received by the community when presented at two different public meetings, as it helped the public to understand visually the ideas that had been discussed.

Figure 1: Subject Area Conceptual Example Scenario



Note: This figure is conceptual and for illustrative purposes only. It is an example used to demonstrate general feasibility and represents one possible example of how the site might be redeveloped. At the time of this amendment, there was no redevelopment proposal. Actual development will be required to comply with all applicable plan guidance and development regulations and will most likely result in a different build-out configuration.

B. Land Use

If the following land uses as proposed on Map 4 and described below are approved, they will be the new policy for the subject area. In addition, the text from the Area Goals, Design Guidance, and Implementation sections will also be adopted as components of the Comprehensive Master Plan.

The proposed land use changes pursuant to this plan amendment include the new land use categories that have been proposed as part of the Rockville 2040 Comprehensive Plan process. The categories and descriptions are:

RA: Residential Attached

Rowhouses, stacked flats/2x2, fourplex, triplex, duplex; inclusive of residential detached.

RF: Residential Flexible

A combination of attached and multi unit, with an option for detached as smaller portion. Limited commercial allowed on street frontage.

Provides flexibility for large tracts with a mix to be defined during the development approval process.

ORRM: Office, Residential, Retail Mix

Office and/or residential, vertical or horizontal mix; retail allowed, required only if specified.

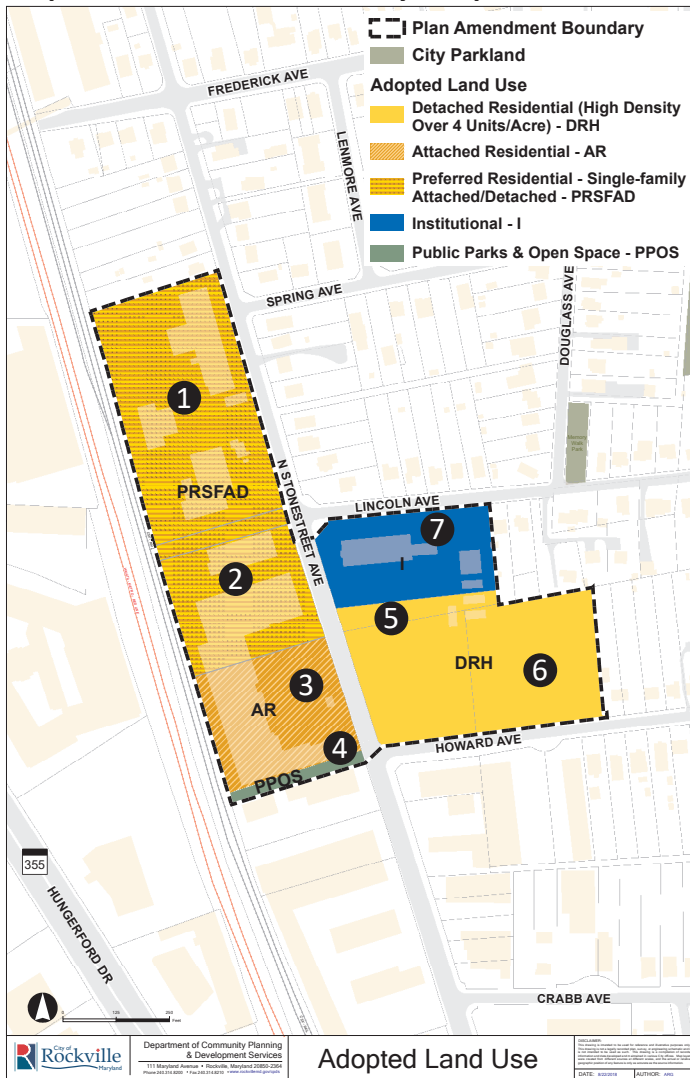
C: Civic

Schools, courts, city/county/state facilities, Montgomery College.

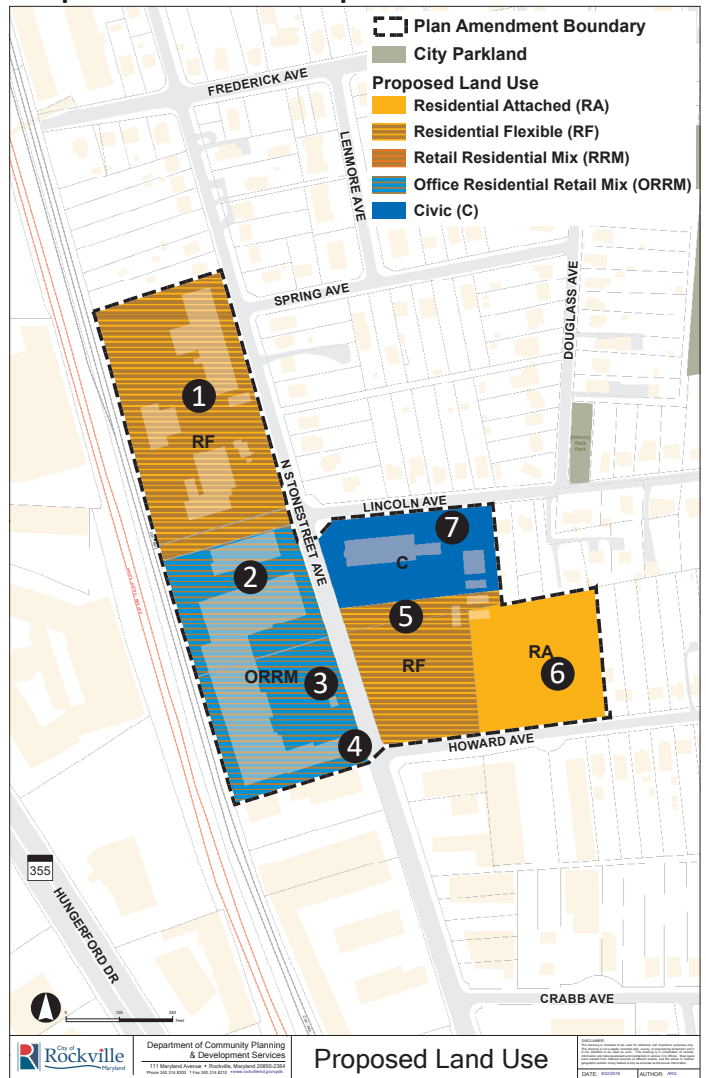
The numbers to follow correspond to the numbers on Maps 3 and 4 on the next page.

- 1 Amend the Land Use from **Preferred Residential - Single-family Attached/Detached (PRSFAD)** to **Residential Flexible (RF)** to promote a mix of housing types, compatible in scale with the single-family homes to the north and east, including townhouses, rowhouses, and small multi-unit development.
- 2 Amend the Land Use from **Preferred Residential - Single-family Attached/Detached** to **Office Residential Retail Mix** to promote a mix of uses, including multi-unit residential, commercial, spaces for artists and makers, and community facilities.
- 3 + 4 Amend the Land Use from **Attached Residential (AR)** and **Public Parks and Open Space (PPOS)** to **Office Residential Retail Mix (ORRM)** to promote a mix of uses, including multi-unit residential, commercial, spaces for artists and makers, and community facilities.
- 5 Amend the Land Use from **Detached Residential - High Density Over 4 Units Per Acre (DRH)** to **Residential Flexible (RF)** to allow for a mix of residential densities, including smaller-scale multi-unit residential, townhouses, rowhouses, and limited commercial.
- 6 Amend the Land Use from **Detached Residential - High Density Over 4 Units Per Acre (DRH)** to **Residential Attached (RA)** to promote a mix of infill housing types, compatible in scale with the single-family homes to the east, including duplexes, triplexes, townhouses, rowhouses, and stacked flats.
- 7 Amend the Land Use from **Institutional (I)** to **Civic (C)**.
 - This is only a change to the land use classification name, not to the use itself.

Map 3: Land Uses as Currently Adopted



Map 4: Land Uses as Proposed



C. Design Guidance

The recommendations in this section provide guidance for new development in both the private and public realms. They also promote compatibility with adjacent homes in East Rockville and Lincoln Park. Every effort should be made to integrate new development with the surrounding neighborhoods to further strengthen the existing community fabric.

- a. **Neighborhood Transitions:** Provide sensitively scaled transitions between new development and existing neighborhood homes.
 - Orient maximum building heights along N. Stonestreet Avenue, away from the existing single-family residential.
 - New buildings should taper down in height and scale toward existing single-family homes to establish a compatible relationship between buildings.

- b. Public Realm Improvements:** Enhance pedestrian and bike connections to the Rockville Metro Station, to new open spaces, and to the surrounding neighborhoods through improved sidewalks, bike infrastructure, signage, landscaping, lighting, and public art.
- Ensure that streetscape improvements that result from the redevelopment of individual properties are compatible with the overall street and sidewalk improvement recommendations from the Stonestreet Corridor Study.
 - Consider additional street connections and pathway crossings to break up block sizes between Howard Avenue and Lincoln Avenue and between the east and west sides of North Stonestreet Avenue to create greater ease of access and pedestrian safety within the area. Any new street connections or pathways should be well-landscaped and designed for pedestrian safety.
 - Study the feasibility of a neighborhood-scale roundabout at the intersection of N. Stonestreet Ave and Lincoln Ave to calm traffic and provide a transition to the Lincoln Park neighborhood.
 - Burying utility lines should be explored at the time of new development and/or street and sidewalk reconstruction.
- c. Building Orientation:** In general, orient the primary facades of buildings and front doors parallel to the street or to a public open space to frame the edges of streets, parks and open spaces, and to activate pedestrian areas.
- d. Facade Articulation:** Create an architectural feature at the corner of N. Stonestreet Ave and Howard Ave by focusing new development at that intersection, incorporating high-quality design features, and enhancing the public realm.
- e. Parks and Open Space:** Incorporate accessible community use space, including parks and other contiguous outdoor green space into the overall redevelopment concept. In addition to connected and accessible open space within private developments, opening and enhancing public green and community space on the grounds of the former Lincoln High School/current church would provide a central gathering area for existing and future residents.
- f. Parking:** In general, parking areas should be set back behind front building lines, away from the public realm and screened from public view. For attached dwellings, rear garage access is preferred, whether the garage is integrated into the primary structure or whether it is a separate structure. Avoid front loaded garages whenever possible.
- g. Rail Line Impact Mitigation:** Mitigate impacts on new development, particularly residential developments, related to the area being proximate to the rail line, in such areas as safety hazards, noise, vibrations and odors. The purpose is to safeguard residents, customers, and employees of these new buildings.

D. Implementation: Zoning

The land use plan amendment is one component of implementing the goals and recommendations from the Stonestreet Corridor Study for this area. If this plan amendment is approved by the Mayor and Council, the zoning will need to be updated, through a separate public process, to be consistent with the land use changes.

The potential zoning is as follows:

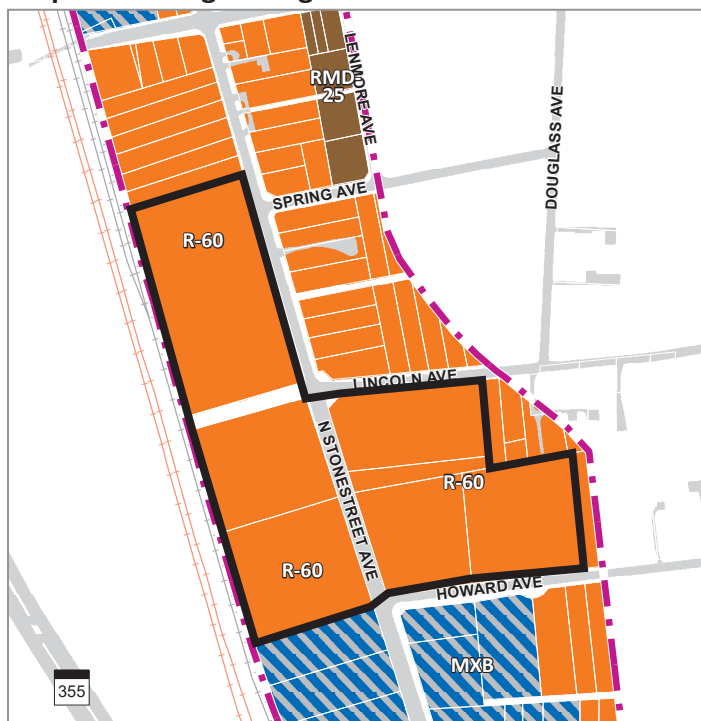
In General:

- Amend the Lincoln Park Neighborhood Conservation District boundaries to remove the subject area from the District.
- The Conservation District includes regulations that are geared toward single-family detached development on individual lots and not large-lot, non-residential parcels.

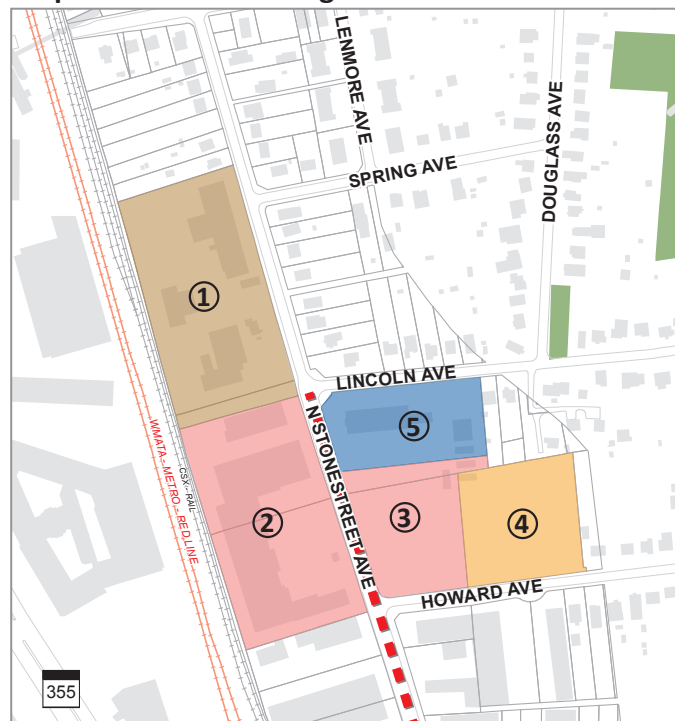
Property Specific (the numbers below correspond to the numbers on Map 6:

1. Rezone the property from Single-Family Residential (R-60) to a new zone specifically designed for infill residential.
2. Rezone the property from Single-Family Residential (R-60) to a mixed use zone that allows for uses including multi-unit residential, spaces for artists and makers, and community facilities.
3. Rezone the property from Single-Family Residential (R-60) to a neighborhood-scale mixed use zone that allows a mix of residential and limited commercial.
4. Rezone the property from Single-Family Residential (R-60) to a zone specifically designed for infill residential.
5. No zoning changes would be recommended for this property.

Map 5: Existing Zoning



Map 6: Potential Zoning Recommendations



CITY OF ROCKVILLE PLANNING COMMISSION

ROCKVILLE, MARYLAND

MEETING NO. 19-2018

AGENDA ITEM NO. 1
PUBLIC HEARING ON NORTH STONESTREET AVENUE
COMPREHENSIVE MASTER PLAN AMENDMENT

Wednesday, November 14, 2018

1 PARTICIPANTS:

2 Planning Commission Members:

3 GAIL SHERMAN, Chair

4 ANNE GOODMAN, Commissioner

5 CHARLES LITTLEFIELD, Commissioner

6 DON HADLEY, Commissioner

7 SARAH MILLER, Commissioner

8 JOHN TYNER, II, Commissioner

9 REV. JANE E. WOOD, Commissioner

10 Staff:

11 JIM WASILAK, Staff Liaison

12 CYNTHIA WALTERS, Deputy City Attorney

13 ELIOT SCHAEFER, Assistant City Attorney

14 ANDREA GILLES, Long Range Planning

15 DAVID LEVY, Long Range Planning

16 Also Present:

17 SUZAN PITMAN, East Rockville Civic Association

18 ALEXANDRA DACE-DENITO, Lincoln Park Civic
Association

19 MARTHA KHAN, Resident

20 SIGY KRAUSS, Business owner

21 PASTOR DAVIS, Crusader Baptist Church

22

P R O C E E D I N G S

CHAIR SHERMAN: This is the meeting of the Rockville Planning Commission. Today is November 14th, 2018. We are six tonight; Commissioner Miller is not with us.

This evening, we have two items on the agenda. A public hearing on the North Stonestreet Avenue Comprehensive Master Plan Amendment, followed by a Level II site plan application. I'd like to briefly go through the ground rules for the public hearing for the North Stonestreet Avenue Plan Amendment. If there's anyone in the audience who wishes to speak this evening and hasn't signed up, will you please sign up in the back of the room, as legibly as possible? Thank you.

We'll start the evening with a short presentation by staff, Ms. Gilles. And then we'll go into speakers who have signed up to speak before this meeting will speak first. I don't know that anyone has. If your name is called and you're not present the next speaker will be

1 called. If you're a private individual you get
2 three minutes to speak. You may not go past the
3 three minutes. We have a big agenda tonight and
4 we will stop you. A timer will be keeping time
5 for us.

6 If you're an official recognized
7 organization like an HOA, or civic association,
8 PTA or business association you get five minutes
9 to speak. We'll also be timing you on that. When
10 your time is up, please, your time is up. In
11 order for everyone to have a chance to speak we're
12 keeping track of everyone who speaks; every person
13 or organization gets one chance to speak on the
14 Plan Amendment.

15 In addition to oral testimony, written
16 testimony is always welcomed and encouraged. You
17 may submit written testimony to extend your
18 comments, respond to comments made by others or
19 cover any other comments which you feel are
20 applicable to the North Stonestreet Avenue Plan
21 Amendment.

22 The public record will remain open until

1 5:00 p.m. On Wednesday, November 21st. So if you
2 would like to provide written comments to the
3 record you may do so. You may deliver or mail
4 your remarks to the City of Rockville or to the
5 email, planningcommission@rockvillemd.gov. And
6 with that I will turn it over to Ms. Gilles.

7 MS. GILLES: Thank you very much. Good
8 evening. I will provide a brief presentation on
9 the Comprehensive Master Plan Amendment for North
10 Stonestreet Avenue, just to frame up some of the
11 information and then we'll move into the public
12 testimony. Just for the record, my name is Andrea
13 Gilles and I'm with Long Range Planning.

14 Two of our goals tonight are to receive
15 the public testimony and was already mentioned, to
16 establish the date for closing the public hearing,
17 which we are recommending that it be a week from
18 now at 5:00 p.m. We've had a lot of input on this
19 already, we've had a lot of process.

20 A few of the things that I just wanted
21 to go over is that we have submitted the draft
22 Plan to all of the required entities with the 60

1 days advance notice to meet the state
2 requirements; surrounding jurisdictions and MCPS
3 and we also did send out an email notifying those
4 that the public hearing was happening, and that
5 testimony could be provided to everyone who was on
6 the Stonestreet Corridor Study list. So we would
7 send that out to the stakeholders as well. The
8 public hearing was also published in the
9 Washington Post on the 18th, and we did get
10 confirmation on that.

11 One of the next steps that I did want to
12 talk about or did want to emphasize is that
13 tonight we'll just be receiving testimony then our
14 intent is to follow up at the Planning Commission
15 on December 12th to have a work session to discuss
16 further the details of that testimony, and if
17 there may be any edits are changes to the Plan
18 based on that information.

19 And just briefly and to clarify that the
20 Plan Amendment area is just for the area that is
21 outlined in blue. I know some people -- I
22 received some contacts, or some calls about

1 whether or not this was for the entire study area.
2 But this Plan Amendment right now is just for the
3 study area in blue which is Howard Avenue to the
4 south, approximately Spring Street to the north
5 and it's currently the home of MCPS Materials
6 Management, and the Crusader Baptist Church, which
7 is in the Lincoln High School historic building.

8 As you know this plan area, or this Plan
9 Amendment will impact several plans. I just want
10 to clarify that there will be, through this
11 process if the amendment is approved, we will be
12 amending these plans and this amendment will
13 supersede the language for this area that is
14 contained within the series of Master Plans and
15 Comprehensive Plans.

16 Our current policy for this area is a
17 mix of single- family residential land use. So
18 what we're looking at through this Plan Amendment
19 is specifically the land use. It will include
20 amendments to the land use map and amendments to
21 the text that relates to this are within those
22 plans that were on the previous slide.

1 And then to follow up, if the plan
2 amendment is approved, we would go through the
3 zoning process to rezone to a zoning that's
4 consistent with the new land use categories. But
5 as the current policy is today it's -- the land
6 use is primarily single-family residential with
7 some attached allowed. But then the zoning
8 becomes even more restrictive just allowing
9 single-family residential.

10 So the proposed changes would include,
11 as I said, the land use map as well as some text,
12 and the land use map would be a shift from a
13 single family residential to allow some commercial
14 and mixed-use development at the corner of Howard
15 Avenue and North Stonestreet. And then a mix of
16 different housing types on the other areas. There
17 would be no change to the land use for the --
18 where the Crusader Baptist Church currently is in
19 the Lincoln High School historic building. We are
20 recommending that that building be preserved. But
21 there would be no land use or zoning changes on
22 those properties.

1 And then also within the Plan Amendment
2 there is language that focuses on some design
3 guidance for this area if redevelopment does
4 occur. And primarily focusing on how we can
5 integrate any new redevelopment, sort of
6 sustainably with the existing single-family
7 residential neighborhoods that are surrounding
8 this area, primarily East Rockville and Lincoln
9 Park. We want to make sure that there's
10 consistency and that the new development is well
11 integrated into that area. So it includes -- the
12 design guidance includes language on neighborhood
13 transitions, public realm improvements. We talked
14 a lot about improving the streetscapes, making it
15 easier for people to walk around, how the
16 buildings are oriented, also wanting quality
17 design parks and open space and parking.

18 And with that, we will recommend,
19 obviously, that we'll be accepting public
20 testimony this evening and as the Chair mentioned
21 that we would establish formally that November
22 21st at the close of business would be the closing

1 of the public hearing, or I'm sorry, of the public
2 record. And with that, I can have any questions
3 that are -- I can answer any questions that there
4 at that time.

5 CHAIR SHERMAN: Thank you.

6 Commissioners, do you have any clarifying
7 questions before we move forward?

8 Commissioner Littlefield?

9 COMMISSIONER LITTLEFIELD: Yeah, I
10 wanted to clarify the -- when you were talking
11 about the Amended Plan superseding other older
12 plans. So I'm just going to throw out my
13 interpretation --

14 MS. GILLES: Sure.

15 COMMISSIONER LITTLEFIELD: -- and I just
16 want to see if that's correct or not. So if
17 there's a contradiction between an older plan and
18 the new amended plan then would -- we would go
19 with that. But in the case of an omission -- so
20 if there was something not in the new plan but in
21 the older plans, or vice-versa how would that work
22 out? So if there was something that was not at

1 all addressed in the Amended Plan would the old
2 plan still have some weight?

3 MS. GILLES: Yes. Yes, yes.

4 COMMISSIONER LITTLEFIELD: And if there
5 was something new but not in the older then that
6 would just, of course, carry that --

7 MS. GILLES: Correct.

8 COMMISSIONER LITTLEFIELD: Thank you.

9 CHAIR SHERMAN: Commissioner Wood?

10 COMMISSIONER WOOD: I just have one
11 clarifying question. For the Lincoln High
12 Crusader Baptist Church, you're saying that no
13 land use or zoning changes; is that correct?

14 MS. GILLES: Correct, correct. There
15 would be a slight -- so as I mentioned at the last
16 meeting that we're updating the land use
17 categories. So it would just be a technicality of
18 an updated name to the land use category, but it
19 would not -- it's just a -- it would still be an
20 institutional use. So no changes to it.

21 CHAIR SHERMAN: Are there any other
22 questions? Thank you, Ms. Gilles. We'll move

1 into the public hearing now. I have four people
2 signed up. I hope you are signed up for the
3 Comprehensive Master Plan because tonight we
4 actually do have two Stonestreet issues and we'll
5 see.

6 First, Rick Allenger.

7 MR. ALLENGER: I was for the second one.

8 CHAIR SHERMAN: You're for the second
9 one. Okay. Alexandra Denito.

10 MS. DACE-DENITO: And a good evening,
11 Dear Commissioner. I am Dr. Dace-Denito, and I
12 live at 128 Moore Drive in Lincoln Park. I am
13 also the president of Lincoln Park Civic
14 Association. The Lincoln Park Civic Association
15 would like to support the recommendation for
16 rezoning around Howard Avenue and MCPS Properties
17 as explained on map 2.3 on page 30 of the Corridor
18 Study. We support amending the City's Master Plan
19 to allow for a mix of use near the corner of North
20 Stonestreet Avenue and Howard Avenue and a mix of
21 residential attached housing type adjacent to and
22 across the street from existing single family

1 residential.

2 We also support amending the Lincoln
3 Park Neighborhood Conservation District boundaries
4 to remove the applicable MCPS and County
5 properties from the district.

6 Lastly, we support preserving and
7 restoring the existing historic structure,
8 formerly the Lincoln Park -- the Lincoln High
9 School and currently utilized by the Crusader
10 Baptist Church. We would like to highlight the
11 fact that even though the Rockville Science Center
12 seems to have found a home at the crossing of
13 Middle Lane and North Washington Street, we
14 residents of Lincoln Park would like to propose
15 keeping space for a building with educational,
16 vocational, artistic purposes where the MCPS
17 Properties are currently located.

18 Overall, we are satisfied and recognize
19 that the City Planning Staff have done a
20 remarkable job incorporating the residents' wishes
21 for redevelopment. We would like to thank them
22 all, and especially Mrs. Andrea Gilles for her

1 efforts to accommodate our schedules and wishes.

2 Thank you for your time.

3 CHAIR SHERMAN: Thank you. Ahmed Ali?

4 Did I say that correctly? Somebody who just
5 signed up this evening? Suzan Pitman?

6 MS. PITMAN: Good evening. My name is
7 Suzan Pitman and I'm here tonight on behalf of the
8 East Rockville Civic Association on which board of
9 directors I serve as president. In addition to
10 the statement I sent to you earlier this week, I
11 would like to add a few particulars regarding the
12 East Rockville Civic Association's support of the
13 Stonestreet Plan, and in particular this first
14 part, the land use amendment. East Rockville has
15 been squarely in the arena regarding the
16 redevelopment of Stonestreet for almost two
17 decades. After working with the Planning staff
18 who created a transparent, accessible, and
19 positive process we are confident that the
20 Stonestreet corridor plan is what is needed and
21 that this plan amendment is an essential first
22 step. There is much to do.

1 In particular MCPS and the County need
2 the Amendment to move forward in either divesting
3 themselves of their property in a way that
4 preserves their fiduciary duty to taxpayers, or to
5 redeveloping the site themselves. And the
6 historic Lincoln School is in desperate need of
7 preservation. Neither of these can happen easily,
8 and with the best outcome, if the current plan is
9 not amended. Please do not allow the Stonestreet
10 Corridor to languish any longer. We strongly
11 support this plan and hope that you will do the
12 same. Thank you very much.

13 CHAIR SHERMAN: Thank you. Is -- that
14 exhausts the list of people I have who signed up
15 tonight. Is there anyone else in the audience who
16 would like to speak to the Plan Amendment?

17 Please come forward, state your name and
18 address.

19 MS. KHAN: My name is Martha Khan, and I
20 own a house at 304 Lincoln Avenue. And I just
21 hope either in this section or somewhere you'll
22 consider another walkway over the tracks so that

1 -- a mid-block walkway over the tracks so that
2 people don't have to make U-shaped walks to get to
3 the Town Center and to more fully integrate
4 Rockville Town Center with this new development
5 because it can be a half-mile difference to have
6 to go to the current bridge or down to Park
7 Street. And so it would be really nice if there
8 was some way in between to get over the tracks.

9 CHAIR SHERMAN: Thank you.

10 MR. KRAUSS: Good evening. My name is
11 Siegfried Krauss. I have been known under the
12 name Sigy. I own a repair shop on 110 Crabb
13 Avenue. What I see is that you wanted to also
14 tear down the church and the high school, the old
15 high school.

16 SPEAKER: (off mic)

17 MR. KRAUSS: You don't? I understood
18 that yesterday evening at the home owners meeting.
19 What I don't see is you planning on something that
20 doesn't belong to the City of Rockville. You're
21 talking about the County property, but it doesn't
22 belong to you. You should ask them first. Hey,

1 can we do this? Because you're wasting your time
2 and everybody else's too. That's the way I feel.

3 And then you spend a million dollars on
4 a study again and it doesn't help nothing because
5 I've been in these meetings in and out for the
6 last 15 years, so -- and nothing happened. And
7 they've spent millions of dollars already for
8 studies. I could have told them that too for
9 nothing. Thank you.

10 CHAIR SHERMAN: Thank you. Is there
11 anyone else who would like to speak to the Plan
12 Amendment? If not, we'll close the public hearing
13 and remember that the public record closes on the
14 21st. Do we need a motion for that?

15 Is there someone else here that wants to
16 speak to the public hearing? I'm sorry, I did not
17 see your hand go up.

18 PASTOR DAVIS: Good evening. I'm Pastor
19 Davis, and I'm currently at the Lincoln High
20 School. As we know that the study is for --
21 everything said that everything is going to stay
22 as far as the zoning. But I heard that the need

1 of preservation and the need of upgrade and
2 everything like that. Since it belongs to -- does
3 it belong to the City or does it belong to the
4 County? Can anyone tell me that?

5 MS. GILLES: It belongs to the County.
6 The County owns the property.

7 PASTOR DAVIS: Who owns the building?

8 MS. GILLES: The County.

9 PASTOR SHERMAN: So they own both?

10 MS. GILLES: Correct.

11 PASTOR SHERMAN: Okay. Because I was
12 under the influence that it was part City and part
13 County. So --

14 MS. GILLES: No, the County owns it.

15 PASTOR DAVIS: So the County will be
16 doing the upgrades, or will the Church be
17 responsible for that?

18 MS. GILLES: I think that's something
19 that we would discuss once the Plan Amendment goes
20 through. I think that's a partnership that we
21 have to build.

22 MR. LEVY: My understanding is that

1 there is an agreement between the County and
2 Crusader Baptist Church for the occupancy of the
3 building and the City doesn't have any financial
4 responsibility. All we're saying in our Master
5 Plan draft proposal is that it's a priority of the
6 City that the building be preserved.

7 PASTOR DAVIS: Okay.

8 MR. LEVY: That's just sort of a policy,
9 a vision that the building should be preserved.
10 How it happens is the next step. But you're
11 right, we don't own it.

12 PASTOR DAVIS: Okay. Upon -- as you go
13 forward with the study, because as you know, you
14 know in the past we have not known, you know,
15 about what was going forth and, you know, there
16 was meetings held that we weren't aware of and,
17 you know --

18 MR. LEVY: Didn't you attend the first
19 meeting?

20 PASTOR DAVIS: Yes, I'm talking about --

21 MR. LEVY: And you participated?

22 PASTOR DAVIS: -- prior to me. The

1 first Pastor Davis passed. I'm the new pastor.

2 MR. LEVY: Okay.

3 PASTOR DAVIS: So I want to be current
4 with what's going on also. You know, because it
5 is interesting. I heard the interest of the
6 science building. Does that have anything to do
7 with the Lincoln building? Okay. Thank you very
8 much.

9 CHAIR SHERMAN: Thank you. Is there
10 anyone else who I might have missed? Okay.

11 Now may I close the public hearing?
12 Okay. And the record will remain open until
13 November 21st.

14 Okay. Thank you all who came out for
15 this part of the meeting this evening.

16 (Whereupon, the PROCEEDINGS were
17 adjourned.)

18 * * * * *

19

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21

22

1 CERTIFICATE OF NOTARY PUBLIC

2 I, Carleton J. Anderson, III do hereby
3 certify that the forgoing electronic file when
4 originally transmitted was reduced to text at my
5 direction; that said transcript is a true record
6 of the proceedings therein referenced; that I am
7 neither counsel for, related to, nor employed by
8 any of the parties to the action in which these
9 proceedings were taken; and, furthermore, that I
10 am neither a relative or employee of any attorney
11 or counsel employed by the parties hereto, nor
12 financially or otherwise interested in the outcome
13 of this action.

14
15 Carleton J. Anderson, III

16
17 (Signature and Seal on File)

18
19 Notary Public in and for the Commonwealth of
20 Virginia

21 Commission No. 351998

22 Expires: November 30, 2020



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor

Robert S. McCord, Secretary

October 22, 2018

Ms. Gail Sherman, Chair
City of Rockville Planning Commission
c/o Long Range Planning, CPDS
111 Maryland Avenue
Rockville, MD 20850

Dear Ms. Sherman,

Thank you for forwarding the draft City of Rockville 2002 Comprehensive Master Plan Amendment for the North Stonestreet Avenue Land Use Plan. We appreciate your participation in the plan review process.

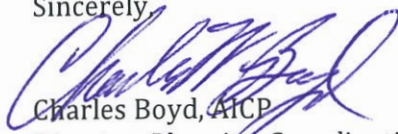
The Maryland Department of Planning (Planning) feels that good planning is important for efficient and responsible development that adequately addresses resource protection, adequate public facilities, community character, and economic development. Keep in mind that Planning's attached review comments reflect the agency's thoughts on ways to strengthen the City's plan amendment as well as satisfy the requirements of the State Land Use Article.

The Department forwarded a copy of the North Stonestreet Avenue Land Use Plan to State agencies for review including, the Maryland Historic Trust and the Departments of Transportation, Environment, Natural Resources, Business and Economic Development, Housing and Community Development, and Agriculture. To date, we have received comments from the Maryland Historic Trust; these comments have been included with this letter. Any plan review comments received after the date of this letter will be forwarded upon receipt.

Planning respectfully requests that this letter and accompanying review comments be made part of the City's public hearing record. Furthermore, Planning also asks that the City consider our comments as revisions are made to the draft Plan amendment, and to any future plans, ordinances, and policy documents that are developed.

Please feel free to contact me at (410) 767-1401 or Joseph Griffiths, Local Assistance & Training Manager, at (410) 767-4553.

Sincerely,



Charles Boyd, AICP
Director, Planning Coordination

Cc: David Levy, Chief of Long Range Planning, City of Rockville
Pat Keller, Assistant Secretary for Planning Services
Joseph Griffiths, Local Assistance and Training Manager



Maryland Department of Planning Review Comments

October 22, 2018

City of Rockville 2002 Comprehensive Master Plan 2018 North Stonestreet Avenue Land Use Amendment

The Maryland Department of Planning (Planning) has reviewed the 2018 City of Rockville Comprehensive Master Plan Draft Amendment (Draft Amendment) for North Stonestreet Avenue and offers the following comments for your consideration. These comments are offered as suggestions to improve the Draft Amendment and better address the statutory requirements of the Land Use Article. Other state agencies, as noted, have contributed comments. Still others may have comments submitted under separate cover. If comments from other agencies are subsequently received by Planning, they will be forwarded to the City in a timely manner.

Summary of Proposed Comprehensive Master Plan Amendment:

The Draft Amendment changes the land use designations in the City of Rockville Comprehensive Master Plan's (CMP) Planned Land Use Map for the Montgomery County Public School and Montgomery County properties located at 599 and 500-700 N. Stonestreet Avenue. The proposed land use changes are from Preferred Residential - Single-family Attached/Detached (PRSFAD), Attached Residential (AR), Detached Residential [High Density Over 4 Units /Acre] (DRH), and Institutional (I) to Residential Flexible (RF), Office Residential Retail Mix (ORRM), Residential Attached (RA), and Civic (C), as shown on Maps 3 and 4 of the September 13, 2018 City of Rockville Planning Commission staff report.

In addition to changing land uses, the Draft Amendment proposes traffic calming elements to the existing street configuration to promote bicycle and pedestrian safety, add community-serving uses and establish greater compatibility with the adjacent neighborhoods. The Draft Amendment also provides design guidance for redevelopment. Planning notes that page 5 of the staff report indicates as a goal the "Preservation of the historic structure that was the Lincoln High School, and is currently utilized by the Crusader Baptist Church". See attached Maryland Historical Trust review for more discussion of this topic.

The process and scope of this amendment appears to have been very thorough, inclusive, and successfully articulates the community's vision for the area. The Draft Amendment uses traditional neighborhood design concepts and techniques for improvements to the public realm and is noteworthy for the following attributes:

- Building support for the plan amendment with public engagement and input
- Enhancing mobility choices, safety, and connectivity
- Recognizing the importance of the built environment
- Identifying necessary zoning and land use changes
- Supporting relevant plan goals of the Rockville Town Center Plan, East Rockville Neighborhood Plan, Lincoln Park Plan, and the Comprehensive Master Plan.

2018 City of Rockville Comprehensive Plan Amendment: N. Stonestreet Avenue Maryland Department of Planning Comments

While the Draft Amendment does not provide specific text on what portions of the CMP will be changed, it is assumed that the land use descriptions from the staff report and the design guidance for redevelopment, as described in the Area Goals, Design Guidance, and Implementation sections of the staff report (see page 7), will be used to craft the CMP amendment for consideration by the Planning Commission and City Council.

General Plan Comments

The City of Rockville is to be commended on this thoroughly researched and broadly debated comprehensive plan amendment. The future of Rockville's North Stonestreet Avenue has been discussed in several neighborhood plans over the years. The 2018 Stonestreet Corridor Study conducted a comprehensive assessment of past neighborhood plans, worked with the community to identify practical redevelopment strategies, and identified a series of recommendations that promotes redevelopment, while also protecting the character of the adjacent residential community. The Corridor Study promotes a more walkable and neighborhood-oriented community; one that helps to transition land uses from the higher intensity Town Center to the single-family detached neighborhood of Lincoln Park. The Draft Amendment is one of the first steps toward implementing the Corridor Study.

- Planning staff notes the subject area for the Draft Amendment is within or near the one-half mile radius around the Rockville Metro Station. We believe the proposed changes regarding area goals, land uses, zoning, transportation connectivity, and design guidance would make the area more transit-oriented, support transit usages, and improve pedestrian and bicycle accessibility in the area. We are also pleased to see the Draft Amendment's consideration of housing affordability and the recognition for the potential of "over-gentrifying" the area, resulting in the proposed mix of housing that includes market-rate, moderately priced, and lower-priced units.

Because the subject area is adjacent to the MARC and CSXT line, we suggest the City consider adding recommendations to the design guidance (found on pages 8 and 9) that would address safety design features near the rail line. As a reference, [Transportation Research Board's National Cooperative Research Program Report 16](http://www.trb.org/Publications/Blurbs/166831.aspx) (<http://www.trb.org/Publications/Blurbs/166831.aspx>) provides guidance on how to avoid conflicting land use or mitigate existing uses and tools to achieve rail-compatible development, e.g., recommended zoning provisions, minimum setback standards, and lot and building layout guidance.

- Planning's Geospatial Data and Analysis Unit (GDA) reviewed the Draft Amendment and found it clearly described how proposed revisions to the Planned Land Use map would increase the potential for moderate-density mixed-use development on Montgomery County Public School properties near the Rockville Metro Station. The amendment also specifies that the properties should contain a mix of housing types and prices if redeveloped, and includes specific zoning recommendations for implementation. GDA appreciated the City's concise, well-organized summary of the proposed changes and supporting context. Also, the side-by-side graphics showing the adopted vs. recommended zoning and land use designations greatly facilitated its review.
- As noted in the summary description of the Draft Amendment above, the September 13, 2018 City of Rockville Planning Commission staff report does not specify exactly which portions of the 2002 CMP will be changed, where the redevelopment design guidance will be placed in the document, or whether one of the several previously adopted neighborhood plans that reference North Stonestreet Avenue and the Montgomery County Public School property will be changed. It is clear what the proposed changes to the Planned Land Use Map are but not how the redevelopment guidance will be incorporated into the City's comprehensive plan. Since recommendations on how North Stonestreet Avenue should redevelop have evolved over the years, the prior neighborhood plan references that are

2018 City of Rockville Comprehensive Plan Amendment: N. Stonestreet Avenue Maryland Department of Planning Comments

no longer applicable should be removed from these policy documents, possibly using Errata Sheets and/or Addenda, as has done with past neighborhood plans.

- The City of Rockville may want to consider, as it prepares the Rockville 2040 Update, how to strengthen ties between the CMP and its neighborhood plans. As neighborhood plans are updated there is increasing potential for internal inconsistencies to develop between the plans, if the CMP is not used as a coordinating plan to set the structure and relationships. For example, this Draft Amendment introduces several new land use categories on the Planned Land Use Map. The 2002 CMP currently does not have a listing or description of the existing land use categories shown on the online Planned Land Use Map, nor does there appear to be a mechanism to catalogue the newly created land use categories. *[It should be noted the September 13, 2018 staff report does acknowledge, "The proposed land use changes pursuant to this plan amendment include the new land use categories that have been proposed as part of the Rockville 2040 Comprehensive Plan process."]*

The online Planned Land Use Map also states, "Planned land uses are established by the Rockville Comprehensive Master Plan (CMP) to indicate a desired ultimate use of land that may or may not be the use that currently exists.....These planned land use designations were adopted under the City's 2002 CMP and revised in certain areas by subsequent neighborhood plan amendments to the Master Plan, including the East Rockville Neighborhood Plan (2004), Lincoln Park Neighborhood Plan (2007), Twinbrook Neighborhood Plan (2009), and Rockville Pike Neighborhood Plan (2016)." It would be helpful if there was a document either online or as part of the CMP that provides a consolidated listing and short description of each land use category.

- Since the Draft Amendment is a very targeted change to the City's CMP, Planning has not conducted a broader assessment of the required elements as identified in §3-102 of the Land Use Article of the Maryland Annotated Code. When the City submits the draft Rockville 2040 Update of the CMP, Planning will do that assessment.

Stonestreet Corridor: Subject Area Conceptual Development Plan

The Conceptual Development Plan does an excellent job of integrating the recommendations of the May 2018 Stonestreet Corridor Study. The Draft Amendment conforms to the vision plan developed for the subject properties. The proposed land use amendments more closely match the type and character of new residential development suggested in the Corridor Study versus the currently adopted Planned Land Use Map. The Conceptual Development Plan appears to support a mix of housing types and affordability oriented to its ½ mile proximity to the Rockville Metro Station; supports historic and civic improvements; and improves the pedestrian environment. Planning offers the following observations about the Conceptual Development Plan for consideration.

- There appears to be limited direct pedestrian access between Howard and Lincoln Avenue other than Stonestreet Avenue. A proposed midblock street intersecting with Howard Street extends part way toward Lincoln, but this connection does not appear to directly connect with Lincoln Avenue. Rather, this midblock connection appears to dead-end into a proposed surface parking area for the Civic Parcel. Other similar streets appearing in the Concept Plan depict tree-lined sidewalks in front of proposed townhouse development, but not in this midblock location.
- On the Civic Parcel, behind the Crusader Baptist Church, the area is depicted as a future surface parking lot with minimal buffer along Lincoln Street and the adjacent existing residential single-family use. Consider depicting an expanded buffer in these locations. Alternatively, if the surface parking lot is larger than the needs for the Civic Parcel, consider activating the street front of Lincoln

2018 City of Rockville Comprehensive Plan Amendment: N. Stonestreet Avenue
Maryland Department of Planning Comments

Road by introducing one or two single-family type units of similar character to the adjacent residential units (Residential Preferred) on the residential units located on other side of Lincoln Avenue.

- Planning recommends that the final draft include street sections or other graphics to more fully illustrate the character of the proposed improvements.

Suggested Technical Edits/Suggestions

- If Planning can be of assistance or facilitate assistance / information from other State agencies as the City of Rockville prepares the Rockville 2040 Update, please contact Chuck Boyd, Director of Planning Coordination at 410-767-1401 or chuck.boyd@maryland.gov.

2018 City of Rockville Comprehensive Plan Amendment: N. Stonestreet Avenue
Maryland Department of Planning Comments

Maryland Department of Planning Review Comments

October 22, 2018

City of Rockville 2002 Comprehensive Master Plan 2018 North Stonestreet Avenue Land Use Amendment

STATE AGENCY COMMENTS

The following pages contain comments from other State agencies in support of the Maryland Department of Planning (Planning) review of the **2018 North Stonestreet Avenue Land Use Amendment** as part of the standard 60-day review period for non-charter counties. Comments not included here may be submitted under separate cover, or via the State Clearinghouse. If comments from other agencies are received by Planning, they will be forwarded to the County in a timely manner.

Attachments

Maryland Historical Trust (letter dated October 18, 2018)



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor

Robert S. McCord, Secretary

October 18, 2018

Ms. Andrea Gilles, AICP
Principal Planner, Long Range Planning
City of Rockville Planning Commission
111 Maryland Avenue
Rockville, MD 20850

Dear Ms. Gilles:

Thank you for the opportunity to review the City of Rockville's Comprehensive Plan Amendment: N. Stonestreet Avenue Land Use – Public Hearing Draft and submit comments on behalf of the Maryland Historical Trust. Overall, we are pleased to see that the City values its historic and cultural assets in the N. Stonestreet corridor that includes part of the Lincoln Park Neighborhood Conservation District, and particularly the former Lincoln High School building and grounds.

In general, it appears that the intent of the amendment is to protect the existing single family residential area while directing moderate density mixed use along the west side of N. Stonestreet Avenue backing along the rail line, while respecting the existing single family detached residential character of the east side of N. Stonestreet Avenue. We understand that the intent of the Conservation District is to protect the existing residential character in the balance of the study area, which we support. Based on the available information, it appears that altering the conservation district as proposed would not be detrimental to existing buildings or neighborhood character, if the design guidance regarding neighborhood transitions is followed.

We note that in the 2013 Rockville Amendment (p. 11), the Montgomery County Heritage Area management plan states that "Lincoln Park was found National Register-eligible in 1991, for its cultural significance as a late 19th century platted development for African-Americans. A few properties have also been locally designated, but the larger area is included in a Conservation District zone that protects the neighborhood character (adopted in 2007)." For more information on the Lincoln Park Historic District, please visit:

<https://mht.maryland.gov/secure/medusa/PDF/Montgomery/M;%2026-15.pdf>

We support the preservation of the former Lincoln High School, which is identified as a local historic "district" in the plan, significant as the oldest remaining high school building constructed for black students in Montgomery County. The plan states that the former Lincoln High School grounds are a potential area for additional public open space and community facilities. Public comments favor preserving the former Lincoln High School building while recognizing the importance of the Crusader Baptist Church congregation.

Our records of the site (<https://mht.maryland.gov/secure/medusa/PDF/Montgomery/M;%2026-15-3.pdf>) mention six detached prefabricated Quonset buildings of corrugated metal construction, but these are not mentioned in the plan nor discernible in the aerial photographs supplied. Google maps and Street View shows four of them to be extant, and we would encourage the planning team to work with the local historic preservation commission to ensure that significant historic features of the site, potentially including outbuildings, are retained.

To meet the statutory requirement that local jurisdictions must include, by reference, the approved Heritage Area Management Plan in comprehensive or master plans (Financial Institutions Article, Title 13, Subtitle 11, Annotated Code of Maryland, § 13-1111 (e)), please confirm that the City of Rockville includes the following language in the plan:

The Heritage Montgomery Management Plan was adopted and made a part of the comprehensive plans of Montgomery County in 2002 and included the City of Rockville within the boundaries of the certified plan by amendment in 2013. The City supports the efforts of the certification of the Heritage Montgomery Management Plan. This amendment to the comprehensive plan, when adopted by the Mayor and City Council, incorporates by reference all portions of the Heritage Montgomery Management Plan, except those portions solely relating to other jurisdictions within the Montgomery County Heritage Area, as part of the comprehensive plan.

As the City engages in future planning efforts for the N. Stonestreet Avenue corridor and the National Register eligible Lincoln Park Historic District, it may be useful to explore eligibility of specific properties or the district for listing in the National Register of Historic Places. National Register designation would help qualify those properties for financial incentives, including federal and state tax credits, that could support the City's revitalization goals. For more information about the National Register of Historic Places, please contact Peter Kurtze at peter.kurtze@maryland.gov or (410) 697-9562.

Thank you for the opportunity to comment on the City of Rockville's Comprehensive Plan Amendment: N. Stonestreet Avenue Land Use – Public Hearing Draft. If you have any questions, please contact me at nell.ziehl@maryland.gov or (410) 697-9592.

Sincerely,



Nell Ziehl
Chief, Office of Planning, Education and Outreach

B-3

Rockville Planning Commission
 City of Rockville
 111 Maryland Avenue
 Rockville, MD 20850

November 12, 2018

Dear Planning Commission:

My name is Eric Fulton, I am a resident of the City of Rockville and the current president of the Woodley Gardens West Civic Association. The opinions and comments below are my own.

I am writing you today to comment on the draft North Stonestreet Land Use Plan, as well as the site plan for 204 North Stonestreet, both of which will be discussed during the November 15, 2018 meeting.

As a proponent of mixed-used, transit oriented and responsible community development, I am in favor of the draft and recommend that they be added to the City's Master Plan. I believe that this sensible increase in residential density and community-oriented retail will create a move vibrant community in Lincoln Park, as well as in downtown Rockville. I have two specific comments, I would like to make. These comments are less about land use and more about specific implementation after the amendment is adopted and potential redevelopment begins.

- **Consistency of Sidewalk:** Currently, there is very little sidewalk on the west side of North Stonestreet, from Park Road to Frederick Road. On the east side, the sidewalk abuts the street, there is no berm or buffer. For greater pedestrian safety and aesthetics, the sidewalks along North Stonestreet from Park to Frederick should be consistent – both inside this draft plan area and elsewhere. For example, there is a site plan review at this meeting for the property at 204 North Stonestreet. I would hope that this site's sidewalk plan is consistent with the remainder of the area, and that as new redevelopment plans come before the commission, that they are required to meet the same standards. A consistent and safe pedestrian walk from the Rockville Metro Station along one of the main thoroughfares of Lincoln Park should be paramount.
- **Pedestrian Overpass:** There is an opportunity in the North Stonestreet Land Use Plan to prepare for a pedestrian overpass that connects the west side of North Stonestreet to the west side of MD355/Rockville Town Square (similar, but longer than the Unity Bridge). I am unsure how or whether this needs to be zoned in any way, but now seems to be the time to plan for such a needed pedestrian amendity.

Thank you. I look forward to seeing the North Stonestreet Land Use Plan added to the City's Master Plan, allowing for existing and appropriate redevelopment of the area.

Thank you

Eric Fulton
 503 Bradford Drive
 Rockville, MD
 President, Woodley Gardens West Civic Association

From: [Jim Wasilak](#)
To: [President ERCA](#); [Planning Commission](#); [mayorcouncil](#); [Chas Hausheer](#); [Deborah Landau](#); [Kashi Way](#)
Cc: [Andrea Gilles](#)
Subject: RE: Stonestreet Plan
Date: Tuesday, November 13, 2018 10:17:27 AM

Suzan: On behalf of the Planning Commission, I wanted to let you know that each member has received your testimony, and it will be entered into the public record for the Stonestreet Master Plan Amendment. As you know, the plan amendment is on for Planning Commission public hearing on Wed. Nov. 14 at 7:00 p.m. Thanks, Jim

From: President ERCA <president.erca@gmail.com>
Sent: Tuesday, November 13, 2018 9:29 AM
To: Planning Commission <Planning.Commission@rockvillemd.gov>; mayorcouncil <mayorcouncil@rockvillemd.gov>; Chas Hausheer <chas_hausheer@hotmail.com>; Deborah Landau <deborah.landau@gmail.com>; Kashi Way <kashi_way@yahoo.com>
Subject: Stonestreet Plan

Dear Planning Commission, Mayor and Council,

I am writing to you on behalf of the East Rockville Civic Association, on which Board I serve as President.

For nearly two decades, the City of Rockville and the neighborhoods of East Rockville and Lincoln Park have wrestled with the question of what to do about North Stonestreet. In the meantime, many of the properties have deteriorated, the narrow sidewalks are crumbling, and the City has missed opportunities to redevelop a desirable location that would allow for both adjacent neighborhoods to expand and welcome new neighbors while providing needed services for all. Through a public process that was transparent and accessible, the office of Community Planning and Development Services has drafted a plan that encourages redevelopment and appropriate growth while preserving local businesses and enhancing, not supplanting, the existing neighborhoods. East Rockville is very much in favor of the implementation of the entire plan.

Perhaps the main idea of this master plan amendment is found on page 8: "Every effort should be made to integrate new development with the surrounding neighborhoods to further strengthen the existing community fabric." Eliminating development that stokes disharmony among neighbors while advocating for what brings us together is something that we talk about a great deal in East Rockville. Clearly, our City Staff understands the importance that place-making has in creating tight-knit neighborhoods that foster community over location. We are confident that implementing this plan with fidelity to that philosophy and to the details described in the plan will allow for welcoming new residents while enhancing the lives of us all.

Thank you for your time and consideration.

Suzan Pitman
President, East Rockville Civic Association
"Do what you can, with what you have, where you are." Theodore Roosevelt"

Resolution No. 1-19

RESOLUTION: To approve and recommend adoption of the North Stonestreet Avenue Comprehensive Master Plan Amendment as an amendment to the Adopted and Approved Comprehensive Master Plan for the City of Rockville, Maryland.

WHEREAS, the Planning Commission for the City of Rockville (hereinafter referred to as the “Commission”), under the provisions of Sections 3-201 *et seq.* of the Land Use Article of the Annotated Code of Maryland, may make and approve a plan or amendments thereto and recommend the same to be adopted by the local legislative body; and

WHEREAS, on December 19, 2001 the Planning Commission did approve, and on November 12, 2002 the Mayor and Council did adopt a Comprehensive Master Plan for the City of Rockville, Maryland (the “2002 Comprehensive Plan”); and

WHEREAS, on August 1, 2001, the Planning Commission did approve, and on October 22, 2001, the Mayor and Council did adopt a Town Center Master Plan (the “2001 Town Center Master Plan”) as an amendment to the 2002 Comprehensive Plan; and

WHEREAS, on December 17, 2003, the Planning Commission did approve, and on March 8, 2004, the Mayor and Council did adopt an East Rockville Neighborhood Plan (the “2004 East Rockville Neighborhood Plan”) as an amendment to the 2002 Comprehensive Plan; and

WHEREAS, on July 12, 2006, the Planning Commission did approve, and on February 26, 2007, the Mayor and Council did adopt a Lincoln Park Neighborhood Plan (the “2007 Lincoln Park Neighborhood Plan”) as an amendment to the 2002 Comprehensive Plan; and

WHEREAS, the Mayor and Council did instruct the Commission to make and approve, and recommend to the Mayor and Council an amendment to the 2002 Comprehensive Plan,

including the 2001 Town Center Master Plan, the 2004 East Rockville Neighborhood Plan, and the 2007 Lincoln Park Neighborhood Plan (collectively referred to herein as the “Plan”) for the North Stonestreet Avenue area of the Plan; and

WHEREAS, the City staff prepared, consistent with Sections 3-201 *et seq.* of the Land Use Article of the Annotated Code of Maryland, an amendment to the Plan for the North Stonestreet area; and

WHEREAS, in connection with the preparation of the amendment to the Plan for the North Stonestreet Avenue area, the Commission and City staff did carefully and comprehensively survey and study present conditions and projections of future growth; and the relation of the North Stonestreet Avenue plan amendment area to neighboring jurisdictions; and

WHEREAS, the amendment to the Plan for the North Stonestreet Avenue area has been prepared for the purpose of guiding and accomplishing coordinated, adjusted and harmonious development of the City; and

WHEREAS, the amendment to the Plan for the North Stonestreet Avenue area complements the visions as provided in Section 1-201 of the Land Use Article of the Annotated Code of Maryland; and

WHEREAS, after the preparation of said amendment to the Plan for the North Stonestreet Avenue area, the Commission gave notice of the time and place of the public hearing to be held on said amendment to the Plan by giving notice in a newspaper of general circulation in the City; and

WHEREAS, the Commission did refer copies of said amendment to the Plan for the North Stonestreet Avenue area to all adjoining planning jurisdictions and to all state and local jurisdictions that have responsibility for financing or constructing public improvements

necessary to implement the amendment to the Plan for the North Stonestreet Avenue area at least sixty (60) days prior to the public hearing; and

WHEREAS, the Commission held a public hearing on said amendment to the Plan for the North Stonestreet Avenue area in the Council Chamber at City Hall, Rockville, Maryland on November 14, 2018; and

WHEREAS, the Commission took into consideration the testimony presented at said public hearing and in the written public record and now desires to present its recommendations for an amendment to the Plan for the City of Rockville, Maryland; and

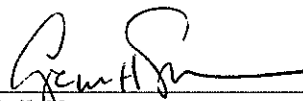
WHEREAS, the planning and development policies recommended in the amendment to the Plan for the North Stonestreet Avenue area have been closely coordinated with and represent an extension of planning policy contained in the Comprehensive Master Plan for the City of Rockville, Maryland.

NOW, THEREFORE, BE IT RESOLVED by the Commission, as follows:

The amendment to the Plan for the North Stonestreet Avenue area is hereby approved and recommended for adoption by the Mayor and Council of Rockville, Maryland pursuant to Section 3-202, Land Use Article of the Annotated Code of Maryland as an amendment to the 2002 Comprehensive Master Plan for the City of Rockville, Maryland, the amendments to the 2002 Comprehensive Master Plan entitled “Town Center Master Plan,” dated October 22, 2001; “East Rockville Neighborhood Plan,” dated March 8, 2004; and “Lincoln Park Neighborhood Plan,” dated February 26, 2007.

* * * * *

I certify that the above is a true and correct copy of
a Resolution adopted by the Planning Commission
of the City of Rockville, Maryland, at its meeting of
January 9, 2019.



Gail Sherman
Chair, Planning Commission



Mayor & Council Meeting Date: February 25, 2019

Agenda Item Type: Presentation

Department: CMO - Public Information and Community Engagement

Responsible Staff: Marylou Berg

Subject

Update from the Rockville Chamber of Commerce

Recommendation

Receive an update on recent activities and accomplishments from Marji Graf, President and CEO of the Rockville Chamber of Commerce.

Discussion

Marji Graf, President and CEO of the Rockville Chamber of Commerce, will provide an update on recent Chamber activities and accomplishments.

Mayor and Council History

The Mayor and Council receive periodic updates from the Rockville Chamber of Commerce.

A handwritten signature in black ink, appearing to read "Rob DiSpirito", is written over a horizontal line.

Rob DiSpirito, City Manager

1/28/2019



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Discussion and Possible Approval
 Department: City Manager's Office
 Responsible Staff: Linda Moran

Subject

2019 State Legislative Session Update and 2019 County Legislative and Policy Priorities

Recommendation

1. Receive 2019 State Legislative Session Update from Rockville's State Lobbyist.
 2. Discuss the proposed 2019 legislative and policy priorities related to Montgomery County:
 - Continue to build relationships with the new County Executive and new County Councilmembers;
 - Advocate for funding for Montgomery County Public Schools;
 - Advocate for a fair and reasonable Municipal Tax Duplication System; and
 - Secure Program Open Space funding from Montgomery County Parks.
-

Discussion

This agenda item is focused on two components of the Mayor and Council's legislative and intergovernmental affairs program:

- 2019 State Legislative Session Update from Rockville's State lobbyist; and
- 2019 County Policy and Legislative Priorities.

2019 State Legislative Session Update

Rockville's State lobbyist, Pam Kasemeyer, of Schwartz, Metz, and Wise (SMW), will present a brief 2019 State legislative session update. The latest bi-weekly State legislative update report from SMW is included at Attachment A. It is provided as background information and will guide the content of the presentation.

The presentation will focus on the latest developments in the 2019 General Assembly session related to:

- The Mayor and Council's 2019 State legislative priorities, which are provided at Attachment B;
- Other State legislation and issues of interest in the 2019 session; and
- Answering Mayor and Council questions.

Another item for the Mayor and Council's consideration is House Bill 1158 – Clean Energy Jobs (The Senate crossfile is Senate Bill 516.) At the February 7, 2018 Environment Commission meeting, the Commission voted to support the Clean Energy Jobs bill. The Commission plans to make a formal request to the Mayor and Council to support the legislation. A summary of the 2019 legislation is included on page three of the bi-weekly report from the State lobbyist at Attachment A. If the Mayor and Council wish to endorse these bills, that direction can be provided to City staff and the State lobbyist at the February 25 meeting.

As background, the Mayor and Council supported the Clean Energy Jobs Act of 2018 – HB 1453 and SB 740. Written testimony was submitted to the House Economic Matters and Senate Finance Committees. The 2018 bills were unsuccessful.

Staff will work with the City's State lobbyist to follow-up on any requests, including State legislation that the Mayor and Council wish to take a position on, and provide formal comments to the Maryland General Assembly.

2019 County Legislative and Policy Priorities

The Mayor and Council discuss and approve Rockville's legislative and policy priorities related to Montgomery County annually. Throughout the year, the Mayor and Council will advocate for the adopted priorities to promote and protect the interests of Rockville residents.

The Mayor and Council's general practice for public policy advocacy has been to select three to four priority items. Staff recommends that the Mayor and Council focus their 2019 advocacy at the County on four priorities:

- Continue to build relationships with newly elected County leaders;
- Funding for MCPS capital projects that impact Rockville schools;
- Fair and reasonable municipal tax duplication payment system; and
- Funding for Rockville to build and renovate City park and recreation facilities.

Continue to Build Relationships with Newly-Elected County Leaders

Term limits and the November 2018 election ushered in a new era of elected leadership at Montgomery County. On December 3, 2018 the new County Executive, Marc Elrich, three new at-large County Council members, Gabe Albornoz, Evan Glass, and Will Jawando, and District 1

Councilmember, Andrew Friedson were sworn into office. In 2019 and beyond, fostering relationships with new and incumbent County leaders will benefit the Rockville community.

Staff recommends focusing efforts on educating new County elected officials on municipal government, Rockville's programs and services, and the City's unique role as the County seat. Specifically, the Mayor and Council could consider:

- Inviting County Executive March Elrich to make a presentation at a Mayor and Council meeting that outlines his goals and priorities for the County.
- Inviting the new County Councilmembers, separately, to make a presentation to the Mayor and Council on their goals and priorities for the County.
- Connecting with County elected officials through one-on-one meetings to discuss Mayor and Council 2019 County legislative and policy priorities, and other priority initiatives, including Town Square economic development.

Funding for MCPS Capital Projects that Impact Rockville Schools

The Mayor and Council have been advocating with the County since 2010 for school construction funding for critical MPCS capital projects that impact Rockville schools. This priority is consistent with Rockville's priority on State school construction funding. MCPS continues to face the dual challenges of overcrowded and aging schools. MCPS enrollment in the 2018-2019 school year is 162,680; an increase of 1,134 students from the previous year. While the increase is lower than recent years, MCPS does not anticipate this relative slowdown in growth to last. MPCS projects enrollment to increase by 11,642, to 174,322 students, by the 2024-2025 school year. Rockville schools are impacted by growth and overcrowding, and some urgently need a revitalization/expansion (rev/ex).

The key advocacy points include:

- Reinstate the Twinbrook Elementary School rev/ex and fund it as soon as possible;
- Reinstate and fund the Wootton High School rev/ex as soon as possible;
- Reinstate the Richard Montgomery High School addition project and fund it as soon as possible;
- Partner with the County and MCPS to find solutions to expedite the opening of the Crown Farm High School and the Woodward High School to a completion date within the current six-year CIP, to relieve overcrowding; and
- Develop the specific cost and time needed to address all school capacity and maintenance needs.

Mayor Newton provided testimony on the Mayor and Council's school construction priorities at the County Council's CIP hearing on February 5, 2018. A copy of the written testimony that was submitted is provided at Attachment C.

The County Executive's Recommended FY20 Capital Budget and Amendments to the FY19-FY24 CIP does not include individual project schedules. In even-numbered years, only projects with expenditure or appropriation changes needed in the second year in the Adopted CIP are considered for amendments.

The County Executive based his recommendation on reduced county revenue projections. The updated projections show a net decrease in revenues of \$122 million, the majority of which is from the reduction in Schools Impact Tax revenue. According to the County Executive, it appears the recent changes implemented to increase affordable housing stock are negatively impacting revenue collections. Mr. Elrich indicated that he intends to explore this further and propose a legislative solution. Given these fiscal pressures on the CIP, the County Executive noted any increases must be accompanied with corresponding reductions, with even further reductions required to balance the CIP.

The County Executive's FY20 Capital Budget and Amendments to the FY19-FY24 MCPS CIP is \$1.775 billion, which maintains funding for all previously-approved projects. The Board of Education's Request (BOE) at \$1.823 billion, included \$51.1 million in new funding for capital projects, which was not included in the Executive's recommendation. The County Executive did not include a list of prioritized projects with timelines.

Based on the County Council's past practice, once the approved amount of FY20 State funding is known (mid-April 2019), the County Council will use that information, in conjunction with a prioritized list of projects and schedules forwarded by the BOE, to make funding decisions. The outcome will not be known until late May 2019, when the County Council adopts the FY20 Capital Budget and Amendments to the FY19-24 CIP.

Staff will track the County Council's CIP budget review process, and will keep the Mayor and Council engaged and informed.

Fair and Reasonable Municipal Tax Duplication Payment System

The MML Montgomery Chapter leadership plans to spend the next several months educating the newly-elected leaders on the importance of municipalities, the services they provide, and the Chapter's perspective on Municipal Tax Duplication. The Annual MML Montgomery Chapter meeting with the County Executive is scheduled for February 21, at 6:30 pm. The membership will have the opportunity receive an update from the County Executive and ask questions regarding his approach to this issue. In addition, the Montgomery Chapter President Jerry Klobukowski (Poolesville Commissioner) and Vice President Laurie Ann Sayles (Gaithersburg Councilmember) reported that they are scheduling meetings to educate new County officials on Municipal Tax Duplication.

The Chapter is anticipating a “stay the course” year, given the transition with the County’s leadership. Staff anticipates that there will be a more intensive advocacy effort in the FY21 budget process, after newly-elected County officials are acclimated with their roles.

The key advocacy points for the City of Rockville include:

- A commitment by the County to fully fund the road maintenance formula; and
- Change the County Code to authorize reimbursement of shared services, especially Police services.

Rockville’s FY19 municipal tax duplication payment was \$2.4 million. The major portion of the payment is for road maintenance. If Rockville’s road maintenance payment was fully funded, it would be \$5,477,934. If the County revised its code to authorize payment for shared services, it would enable the County to reimburse Rockville, Gaithersburg, and Chevy Chase Village for police services, which could substantially benefit Rockville. The 2013 Montgomery County Office of Legislative Oversight report on municipal tax duplication estimated the payment at \$4.6 million.

The County Executive’s FY20 recommended Operating Budget will be released by March 15, 2019. It will include his recommendation for municipal tax duplication. The County Council’s Operating Budget public hearings will be held in April 2019, providing the Mayor and Council with the opportunity to advocate in support of this priority.

Staff will track this issue through the County’s FY20 Operating Budget process and will keep the Mayor and Council engaged and informed.

Secure Program Open Space (POS) Funding to Build and Renovate City Park and Recreation Facilities

As a result of successful advocacy, FY18 was the first year since FY10 that Rockville received POS funding from Montgomery Parks. In January 2018, the Maryland Board of Public Works approved \$575,877 in POS funding for the Rockville Swim and Fitness Center Renovation.

On January 23, 2019, the Board of Public Works (BPW) approved a request from the Department of Natural Resources for \$313,088.14 in POS funding for Dogwood Park renovations. The work will include installing new sports field lighting and covered dugouts, replacing fencing, improving pedestrian pathways for ADA compliance, modernizing the snack bar, and replacing the pavilion.

With two consecutive years of approved funding for Rockville, it appears that Montgomery Parks may continue the practice of sharing POS funds; however, staff recommends that the Mayor and Council retain POS advocacy as a 2019 County priority. Should Montgomery Parks revert to the practice of not sharing POS funds, staff will request that Mayor and Council re-engage in a coalition with County Councilmember Katz and the City of Gaithersburg to advocate in support of municipalities receiving POS funds.

Mayor and Council History

2019 State Legislative Session Update

This is the first time that Ms. Kasemeyer will provide a 2019 State legislative session update to the Mayor and Council. She provided a 2018 State legislative session preview on January 22, 2018.

2019 County Policy and Legislative Priorities

The Mayor and Council approved Rockville's 2018 County Legislative and Policy Priorities on February 26, 2018.

Next Steps

2019 State Legislative Session Update

Ms. Kasemeyer will work closely with the Mayor and Council and staff to advance the 2019 State legislative priorities in Annapolis. The Mayor and Council will continue to receive bi-weekly reports and a bill tracking chart. For time-sensitive developments, in coordination with Ms. Kasemeyer, staff will send timely email updates to the Mayor and Council. On legislative matters that warrant City action, staff will coordinate with Ms. Kasemeyer and bring a recommended strategy to the Mayor and Council.

2019 County Policy and Legislative Priorities

The Mayor and Council's County advocacy will include providing comments on the County's FY20 budget, discussing the priorities with County elected officials, attending County budget forums, County Council and Committee meetings, and any other opportunities that the Mayor and Council identify. At any time, the Mayor and Council can adjust the approved priorities or identify new priorities.

Attachments

Attachment 11.a: Bi-Weekly State Legislative Update 020819.docx

Attachment 11.b: 2019 State Legislative Priorities (PDF)



Rob DiSpirito, City Manager

2/21/2019



Rockville Mayor and Council 2019 State Legislative Priorities

Advocate for School Construction Funding

Partner with Montgomery County Public Schools (MCPS) and Montgomery County to advocate for increased State school construction funding, which is urgently needed to provide updated facilities for the 162,123 students attending MCPS.

Advocate for the Enhancement of Senior Programs and Services

Advocate for funding and enhancements for senior transportation services; recreation and wellness programming; aging in place and villages; and outreach to increase awareness of Rockville senior programs.

Advocate in Support Property Owners Abutting I-270

Advocate to protect Rockville homes, businesses, and infrastructure from being taken in the I-270 & I-495 Managed Lanes Study.

Advocate in Support of the West End Park Noise Barrier Project

Advocate for the State Highway Administration to fulfill its commitment to fund 80% of the cost of the West End Park Noise Barrier Project, which will protect homes north of the I-270/MD 28 interchange. The project is suspended and has no available funding.

Isreal Park Shelter Legislative Bond Initiative

Advocate for State funding for the Isreal Park Shelter Replacement project, which will benefit the community by providing an expanded play area with updated amenities; an ADA accessible path and bathrooms; and a covered picnic area.

Advocate for the Establishment of an Independent Redistricting Commission

Advocate for the establishment of an independent redistricting commission after each decennial census, with equal membership from political parties and voters not affiliated with the two major parties.

Preserve Local Authority in the Siting and Aesthetics of Small Cellular Tower Infrastructure

Advocate in concert with MML to preserve local authority in the siting and aesthetics of small cellular tower infrastructure.



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Introduction and Possible Adoption
 Department: Finance
 Responsible Staff: Stacey Webster

Subject

Introduction, and Possible Adoption, of a Bond Ordinance to Authorize the Competitive Sale of Tax-Exempt 2019A General Obligation Bonds in an Amount Not to Exceed \$17,000,000 for the Purpose of Financing the Construction of Capital Projects, Water, and Sewer Improvements as Reflected in the City's FY 2019 Capital Improvements Program (CIP) and Related Issuance Costs

Recommendation

Staff recommends that the Mayor and Council introduce the attached ordinance authorizing the sale of tax exempt 2019A General Obligation Bonds.

If the Mayor and Council wish to proceed with adoption of the ordinance at the same meeting, the ordinance should first be introduced and then a motion should be made to waive the layover period. If the motion to waive the layover period is approved by an affirmative vote of four members of the Mayor and Council, a motion to adopt the ordinance may then proceed.

Discussion

Introduction and adoption of the attached ordinance (Attachment A) will allow staff to proceed with the sale of General Obligation Bonds to finance capital projects in accordance with the Mayor and Council's Capital Improvements Program (CIP). The projects to be financed with the bond proceeds, and the source of repayment, are listed in the table below.

Project Name	Fund	Source of Repayment
Maintenance and Emergency Operations Facility Improvements (GD19)	Capital Projects	Taxpayer Funds
Water Main Rehabilitation and Improvement (UC16)	Water	Water Rates and Charges
Blue Plains Wastewater Treatment (UA16)	Sewer	Sewer Rates and Charges

The bonds sold will have 20 year terms, with level principal repayment schedules. The level principal repayment schedules allow the outstanding principal to be repaid at a faster rate to minimize interest costs. The bonds for the Water and Sewer funds will cover project expenses for FY 2019 and FY 2020.

The proposal from the City's municipal advisor, Davenport and Company, is attached (Attachment B). The proposal provides information relative to costs, debt service schedules, and the calendar for the upcoming bond sale.

Mayor and Council History

The Mayor and Council adopted a resolution to declare the official intent of the Mayor and Council to bond finance these projects under U.S. Treasury Income Tax Regulation Section 1.150-2 prior to this item on February 4, 2019.

Fiscal Impact

The cost of issuance costs for the transaction will equal approximately \$200,000 and will be paid from the proceeds of the bonds. The issuance costs cover the fees for the municipal advisor, bond counsel, underwriter, rating agencies, etc.

The bonds will be issued as General Obligation Bonds and will be backed by the full faith and credit of the City government. Although technically backed by the full faith and credit of the City government, the water and sewer bonds will be repaid through utility rates and charges.

Next Steps

Staff will work with bond counsel, the City's municipal advisor, and the rating agencies to market and sell the bonds. The bond sale is planned for early April, 2019.

Attachments

Attachment 12.a: BondOrdinance_FY2019 (PDF)
Attachment 12.b: Davenport_RockvilleProposal(PDF)



Rob DiSpirito, City Manager

2/21/2019

THE MAYOR AND COUNCIL OF ROCKVILLE

Ordinance No. _____

AN ORDINANCE of The Mayor and Council of Rockville to authorize, pursuant to the authority of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, the issuance and sale, upon its full faith and credit, of its general obligation, fully registered bonds, in an aggregate principal amount not to exceed Seventeen Million Dollars (\$17,000,000) to be designated as “The Mayor and Council of Rockville General Obligation Bonds, Series 2019A”; said bonds to be issued and sold for the public purpose of (i) financing and refinancing all or a portion of the costs of or related to the Maintenance and Emergency Operations Facility, Water Main Rehabilitation and Improvements, and Blue Plains Wastewater Treatment, all as more fully set forth in Exhibit A attached hereto; and (ii) paying the costs incurred by the City in connection with the issuance, sale and delivery of said bonds; prescribing the form and tenor of such bonds and determining other matters relating to the issuance and sale thereof; determining that the best interests of the City will be served by selling said bonds at a public (competitive) sale; authorizing the publication of one or more notices of said sale; determining all other details in connection with said sale; providing for the disbursement of the proceeds of said bonds; providing for the levy and collection of all *ad valorem* taxes necessary to provide for the payment of the interest on, and the principal of, said bonds as they become due, such taxes to be levied upon all property subject to assessment for unlimited municipal taxation within the corporate limits of the City of Rockville; providing that the proceeds of said bonds, or any moneys which may be deemed to be proceeds, will not be used in a manner which would cause said bonds to be arbitrage bonds and making certain other covenants to assure the exclusion of interest on said bonds from gross income for federal income tax purposes; appointing a paying agent and registrar for said bonds; and generally providing for the issuance, sale and delivery of all said bonds.

RECITALS

For convenience of reference, The Mayor and Council of Rockville, a municipal corporation of the State of Maryland, is hereinafter referred to as the “City.”

The authority for the powers herein exercised is contained in Article VII, Section 11 of the Charter of the City of Rockville (hereinafter sometimes referred to as the “Charter”) and in Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended (the “City Enabling Act”), such authority being hereinafter sometimes referred to collectively as the “Enabling Act.”

The Enabling Act enables the City to issue bonds for the purpose of financing and refinancing the costs of capital projects.

The City finds it to be in the public interest to borrow money to (i) finance and refinance all or a portion of the costs of the projects listed on Exhibit A attached hereto; and (ii) pay the costs incurred by the City in connection with the issuance, sale and delivery of said bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILLE, that:

Section 1: Acting pursuant to the authority of the Enabling Act, the City hereby determines that the net proceeds from the sale of its General Obligation Bonds, Series 2019A, authorized to be issued and sold by this Ordinance (the “Series 2019A Bonds”), shall be used and applied to (i) finance and refinance all or a portion of the costs of the projects listed on Exhibit A attached hereto, and (ii) pay the costs incurred by the City in connection with the issuance, sale and delivery of the Series 2019A Bonds.

Section 2: It is hereby determined that the City shall borrow money and incur indebtedness for the purposes set forth in this Ordinance. To evidence such borrowing and indebtedness and acting pursuant to the authority of the Enabling Act, the City shall issue and sell, upon its full faith and credit, its general obligation, fully registered bonds, said issue of bonds to be known as “The Mayor and Council of Rockville General Obligation Bonds, Series 2019A” in an aggregate principal amount not to exceed Seventeen Million Dollars (\$17,000,000). The City Manager of the City is hereby authorized and directed to determine the aggregate principal amount and the principal amount per maturity of the Series 2019A Bonds to be issued in order to further the best interests of the City.

Section 3: The Series 2019A Bonds shall all be dated as of the date of their issuance, shall be in the denominations of \$5,000 or any integral multiple thereof, shall be numbered from one (1) consecutively upwards in the order of their maturities and each such number shall be prefixed by the letter “R.” The Bond Registrar (hereinafter designated) may make such additional provision for numbering, including additional

prefixes and suffixes, as it may deem appropriate. The Series 2019A Bonds shall mature on June 1 in such years and in such principal amounts as the City Manager shall determine in order to further the best interests of the City.

Section 4: The Series 2019A Bonds maturing on or before June 1, 2029 shall not be subject to redemption prior to their respective maturities. The Series 2019A Bonds maturing on or after June 1, 2030 shall be subject to redemption prior to their respective maturities at the option of the City on or after June 1, 2029, either as a whole or in part at any time, in such order of maturity and within any maturity in such amount as directed by the City, at par plus accrual interest; provided, however, that the City Manager is hereby authorized and directed to specify such other optional redemption features with respect to the Series 2019A Bonds as he may deem to be in the best interests of the City.

The Series 2019A Bonds shall be subject to mandatory sinking fund redemption to the extent so provided in the winning bid for the Series 2019A Bonds submitted in accordance with the provisions of Section 8 hereof.

If less than all of the Series 2019A Bonds of any one maturity are called for redemption, the particular Series 2019A Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its sole discretion may determine.

When less than all of a Series 2019A Bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such Series 2019A Bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Series 2019A Bond, at the option of such owner, registered Series 2019A Bonds in any of the authorized denominations, the aggregate face amount of such Series 2019A Bonds not to exceed the unredeemed balance of the registered Series 2019A Bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If, in accordance with the foregoing options, the City elects to redeem all outstanding Series 2019A Bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of the Series 2019A Bonds to be redeemed at least thirty (30) days and not more than sixty (60) days prior to the redemption date, at the addresses of such owners appearing on the registration books kept by the Bond Registrar; provided, however, that the failure to mail any such notice or any defect in the notice so mailed or the mailing thereof shall not affect the validity of any redemption proceedings. Such notice shall state for all Series 2019A Bonds being redeemed: maturity date, certificate numbers, redemption date, redemption price, whether the Series 2019A Bonds are being redeemed in whole or in part and shall also state that on the redemption date the interest on the Series 2019A Bonds so called shall cease to accrue and the redemption price shall become due and payable and shall require that the Series

2019A Bonds so called be presented for redemption and payment at the principal corporate trust office of the Paying Agent.

The City may also provide such further notices and take such further actions as it deems necessary in connection with such redemption, including any such notices or actions as are required by the Securities and Exchange Commission or by the Municipal Securities Rulemaking Board.

From and after the date fixed for redemption, if due notice has been given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the Series 2019A Bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with said notices, the Series 2019A Bonds so called for redemption shall be paid by the Paying Agent (hereinafter designated) at the redemption price plus any accrued interest. If not so paid on presentation thereof, said Series 2019A Bonds so called shall continue to bear interest at the rates expressed therein until paid. All Series 2019A Bonds redeemed and paid hereunder will be canceled.

Section 5: All of the Series 2019A Bonds authorized by this Ordinance shall bear interest at such interest rate or rates as shall be approved by the City Manager upon receipt of competitive bids for the Series 2019A Bonds. Each Series 2019A Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the date of the Series 2019A Bonds; provided, however, that if at the time of authentication of any Series 2019A Bond interest is in default, such Series 2019A Bond shall bear interest from the date to which interest has been paid. The interest on all Series 2019A Bonds shall be paid semi-annually on June 1 and December 1, beginning June 1, 2019, of each year in which any Series 2019A Bonds may be outstanding.

All Series 2019A Bonds shall be executed in the name of the City and on its behalf by the Mayor of Rockville. Such signature of the Mayor of Rockville may be manually affixed or may be imprinted on such Series 2019A Bonds by facsimile; either a facsimile or an original of the corporate seal of Rockville shall also be imprinted thereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations of Rockville.

There shall accompany each Series 2019A Bond the text of the approving legal opinion of Venable LLP, Bond Counsel, with respect to such Series 2019A Bond.

In the event any official whose signature shall appear on such Series 2019A Bonds shall cease to be such official prior to the delivery of the Series 2019A Bonds, or in the

event any such official whose signature shall appear on the Series 2019A Bonds shall have become such after the date of issue thereof, the Series 2019A Bonds shall nevertheless be valid and legally binding obligations of the City in accordance with their terms.

Notwithstanding any other provision of this Ordinance, it is intended that the Series 2019A Bonds will be issued as “book-entry only” securities. The City will issue one bond for each maturity of the Series 2019A Bonds in the name of Cede & Co., nominee for The Depository Trust Company (“DTC”), and beneficial ownership of the Series 2019A Bonds will be evidenced by book entries maintained by DTC. The City Manager of the City is hereby authorized and directed to take whatever actions are necessary or advisable to facilitate the issuance of the Series 2019A Bonds as book-entry only securities.

All Series 2019A Bonds shall be issued as fully registered bonds without coupons in denominations of \$5,000 each or any integral multiples thereof, and shall be registered in the name or names of the owner or owners thereof, on books kept for such purpose at the principal office of the Bond Registrar. Payment of the principal of and interest on the Series 2019A Bonds shall be made to the persons in whose names such Series 2019A Bonds are registered on the registration books maintained by the Bond Registrar as the registered owners thereof, such principal to be payable at the principal Office of the Paying Agent upon Presentation and surrender of such Series 2019A Bonds as the same become due and payable, and such interest to be payable by check mailed by the Paying Agent on the date such interest is payable to the persons in whose names the Series 2019A Bonds are registered as of the close of business on the regular record date which shall be the last business day of the month immediately preceding each interest payment date (the “Regular Record Date”) at such registered owner’s address as it appears on the registration books maintained by the Bond Registrar.

The City is hereby designated as the Bond Registrar and as the Paying Agent for the Series 2019A Bonds, subject to further action by the City.

Any interest on any Series 2019A Bond which is payable but not punctually paid or duly provided for (“Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date and such Defaulted Interest may be paid by the City, at its election in each case, as provided in paragraph (a) or (b) below:

(a) The City may elect to make payment of any Defaulted Interest on the Series 2019A Bonds to the persons in whose names such Series 2019A Bonds are registered at the close of business on a record date for the payment of such Defaulted Interest (the “Special Record Date”), which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Series 2019A Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of

money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the payment date for such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner as of a date not less than ten (10) days prior to such Special Record Date at such owner's address as it appears in the registration books maintained by the Bond Registrar. The Paying Agent may, in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in each of Baltimore, Maryland and the Borough of Manhattan, New York, New York but such publication shall not be a condition precedent to the establishment of such Special Record Date Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid on the date fixed for such payment to the registered owners of the Series 2019A Bonds as of the close of business on the Special Record Date.

(b) The City may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2019A Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice given by the City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable, and approved in writing, by the Paying Agent.

Section 6: Except as provided hereinafter or in ordinances or resolutions of The Mayor and Council of Rockville adopted prior to the issuance and delivery of the Series 2019A Bonds, all Series 2019A Bonds shall be substantially in the following form, with appropriate insertions as therein indicated, which form and all of the covenants therein contained are hereby adopted by the City as and for the form of obligation to be incurred by the City, and said covenants and conditions are hereby made binding upon the City, including the promise to pay therein contained:

[FORM OF SERIES 2019A BOND]

No. R--

\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND
THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
General Obligation Bond, Series 2019A

Interest Rate

Per Annum

Maturity Date

Date of Original Issue

CUSIP

June 1, 20__

_____, 2019

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT

DOLLARS

THE MAYOR AND COUNCIL OF ROCKVILLE (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted, and, for value received, promises to pay to the Registered Owner shown above or registered assigns or legal representatives on the Maturity Date shown above (unless this bond shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for), the Principal Amount shown above or so much thereof as shall not have been paid upon prior redemption in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts upon presentation and surrender of this bond on the date such principal is payable or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day at the principal office of the City, Rockville, Maryland (the "Paying Agent"), and to pay to the registered owner hereof by check or draft, mailed to such registered owner at such owner's address as it appears on said registration books (the "Bond Register") maintained by the City (the "Bond Registrar") interest on said principal amount at the Interest Rate shown above until payment of such principal amount, or until the prior redemption hereof, such interest being payable semi-annually on June 1 and December 1, beginning June 1, 2019, to the person in whose name this bond is registered on the Bond Register as of the close of business on the regular record date, which shall be the last Business Day of the month immediately preceding each interest payment date (the "Regular Record Date") and shall be made by check mailed by the Paying Agent on the interest payment date to such person's address as it appears on the Bond Register. Any such interest not so punctually paid or duly provided for shall

forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered as of the close of business on a date fixed by the Paying Agent for the payment of such defaulted interest (the “Special Record Date”), notice of such payment date and the Special Record Date therefor being given by letter mailed first class, postage prepaid, to the registered owner hereof not less than ten (10) days prior to such Special Record Date at the address of such owner as it appears on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirement of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Date of Original Issue shown above.

“Business Day” means a day other than a Saturday, Sunday or a day on which the City is authorized or obligated by law or required by executive order to remain closed.

The full faith and credit and unlimited taxing power of the City are irrevocably pledged to the payment of the principal of and interest on this bond according to its terms, and the City does hereby covenant and agree to pay the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

This bond is one of a duly authorized issue of general obligation bonds of the City designated “General Obligation Bonds, Series 2019A” aggregating _____ Million _____ Dollars (\$____,____,000) in principal amount, which are in denominations of \$5,000 or any integral multiple thereof and mature serially in installments on June 1 in each of the years 2020 to 2039, inclusive, and bear interest per annum, as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029			2039		

The bonds are numbered from one consecutively upwards prefixed by the letter “R” and are of like tenor and effect except as to maturity, number, interest rate, denomination

and redemption provisions, and are issued pursuant to and in full conformity with the provisions of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, and by virtue of due proceedings had and taken by The Mayor and Council of Rockville, particularly an Ordinance introduced and adopted on February 25, 2019 (the “Ordinance”).

The bonds maturing on or before June 1, 20__ are not subject to redemption prior to their respective maturities. The bonds maturing on or after June 1, 20__ are subject to redemption prior to their respective maturities at the option of the City on or after June 1, 2029, either as a whole or in part at any time, in such order of maturity and within any maturity in such amount as directed by the City, without premium, plus interest accrued to the date fixed for redemption.

[Insert mandatory sinking fund redemption provisions if applicable]

If less than all of the bonds of any one maturity of this issue shall be called for redemption, the particular bonds or Portion thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine.

When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such bond, at the option of such owner, registered bonds in any of the authorized denominations, the aggregate face amount of such bonds not to exceed the unredeemed balance of the registered bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If, in accordance with the foregoing option, the City elects to redeem all outstanding bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of such bonds at least thirty (30) days and not more than sixty (60) days prior to the redemption date, at the addresses of such owners appearing on the registration books kept by the Bond Registrar; provided, however, that the failure to mail such notice or any defect in the notice so mailed, or in the mailing thereof shall not affect the validity of the redemption proceedings. Such notice shall state the maturity date, certificate numbers, redemption date, redemption price, whether the bonds are being redeemed in whole or in part and the name and address of the Paying Agent and shall also state that on the redemption date the interest on the bonds so called shall cease to accrue and the redemption price shall become due and payable and shall require that the bonds so called be presented for redemption and payment at the principal office of that Paying Agent. From and after the date fixed for redemption, if due notice by publication is given as herein provided, and the funds sufficient for payment of the redemption price and

accrued interest shall be available therefor on such date, the bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with said notices, the bonds so called for redemption shall be paid by the Paying Agent at the redemption price plus any accrued interest. If not so paid on presentation thereof, said bonds so called shall continue to bear interest at the rates expressed therein until paid. All bonds redeemed and paid hereunder will be canceled.

This bond is transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar duly executed by the registered owner or his or her duly authorized attorney, and thereupon, within a reasonable time, the Bond Registrar shall issue in the name of the transferee a new registered bond or bonds of any authorized denominations in aggregate principal amount equal to the principal amount of this bond or the unredeemed portion hereof, and maturing on the same date and bearing interest at the same rate, and the new bond or bonds shall be delivered to the transferee only after payment of any tax or governmental charge required to be paid with respect to, and any shipping expenses or insurance relating to, such transfer and only after due authentication thereof by an authorized officer of the Bond Registrar. The Bond Registrar shall not be required to issue, transfer or exchange any bond during the period beginning fifteen days before any selection of bonds to be redeemed and ending on the day of publication and mailing of the notice of redemption or to transfer or exchange any bond called or being called for redemption in whole or in part. The Bond Registrar may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter of the City (the "Charter") and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes or Charter, and that due provision has been made for the levy and collection of an ad valorem tax or taxes upon all legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

This bond shall not be valid or become obligatory for any purpose, until this bond shall have been authenticated by an authorized officer of the Bond Registrar.

IN WITNESS WHEREOF, this bond has been executed by the manual or facsimile signature of the Mayor of the City, an original or facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations of the City as of the __ day of ____, 2019.

ATTEST:

THE MAYOR AND COUNCIL OF ROCKVILLE

City Clerk/
Director of Council Operations

By: _____
Mayor

CERTIFICATION OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds without coupons of The Mayor and Council of Rockville.

By: _____
[Authorized Officer of
Bond Registrar]

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 7: The City Manager of the City shall be and is hereby authorized to make such changes in the form of bond set forth in Section 6 of this Ordinance, as the City Manager shall deem necessary to carry into effect the purposes of this Ordinance or to comply with recommendation of legal counsel; provided, however, that the City Manager shall make no change affecting the substance of the Series 2019A Bonds authorized by this Ordinance.

Section 8: It is hereby determined that it is in the best interests of the City to sell the Series 2019A Bonds at public (competitive) sale. The City Manager of the City is hereby authorized and directed to publish one or more notices calling for bids for the Series 2019A Bonds in a newspaper of general circulation in the City, such notice to be published twice, and the first publication to be at least ten days before the date of the receipt of bids. The Notice of Sale with respect to the Series 2019A Bonds shall be substantially in the form of Exhibit B attached hereto, subject to such changes, insertions and amendments as the City Manager deems necessary and approves, his publication of such notice to constitute conclusive evidence of such approval. Notwithstanding the provisions of this Section 8, the City Manager may cause to be published a summary notice of sale which in his judgment serves substantially the purposes of publication.

The Series 2019A Bonds will be suitably prepared and duly executed and delivered to the entity(ies) submitting the winning bid for the Series 2019A Bonds (the “Purchaser”) in accordance with the conditions of delivery as set forth in this Ordinance as soon as practicable, upon due notice and at the expense of the City, at such place as may be agreed upon between the Purchaser of the Series 2019A Bonds and the City, upon payment in Federal or other immediately available funds of the purchase price of the Series 2019A Bonds plus accrued interest to the date of delivery.

Section 9: The Mayor of the City and the City Manager are hereby authorized to prepare and distribute the Preliminary Official Statement with respect to the Series 2019A Bonds, to deem such Preliminary Official Statement to be “final” as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), to execute and deliver a Continuing Disclosure Agreement pursuant to the Rule, and to take such further action and to execute such other documents as are necessary or desirable in connection with the issuance of the Series 2019A Bonds.

Section 10: Pursuant to Section 11(f) of Article VII of the Charter of the City of Rockville, Davenport & Company LLC is hereby recognized and appointed as the Financial Advisor to the City in connection with the issuance of the Series 2019A Bonds.

Section 11: (a) The City shall apply such amount of the proceeds of the Series 2019A Bonds as shall be deemed necessary by the Chief Financial Officer to the financing and refinancing of all or a portion of the costs of the projects listed on Exhibit A. Such

amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

(b) The Chief Financial Officer shall apply proceeds of the Series 2019A Bonds to the payment of the costs of issuance thereof. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

Section 12: For the purpose of paying the principal of and interest on the Series 2019A Bonds authorized to be issued by this Ordinance, the City shall levy or cause to be levied, and there is hereby levied, in each and every fiscal year in which any of the Series 2019A Bonds are outstanding, an *ad valorem* tax or taxes upon all of the legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of all of the Series 2019A Bonds maturing in each such fiscal year and of all of the interest on the Series 2019A Bonds coming due in each such fiscal year, and, in the event the proceeds from the taxes so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be, and are hereby, levied in the subsequent fiscal year to make up any deficiency. It is the intent of this Ordinance that the rate of said *ad valorem* taxes shall be so computed in each fiscal year that the proceeds of such *ad valorem* taxes, together with any other funds then lawfully available for the purpose, shall provide sufficient funds to meet said maturing principal of and interest on all of the Series 2019A Bonds.

The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to maturity of the principal of and interest on the Series 2019A Bonds authorized by this Ordinance as and when the same respectively mature and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Series 2019A Bonds hereby authorized to be issued. The City hereby solemnly covenants and agrees with each registered owner (from time to time) of the Series 2019A Bonds to levy and collect the taxes hereinabove described and to take any other action that may be appropriate from time to time during the period that any of the Series 2019A Bonds remain outstanding and unpaid to provide the funds necessary to make principal and interest payments thereon.

Section 13: (a) The City intends to issue the Series 2019A Bonds with the expectation that the interest thereon will be excludable from the gross income of the holders thereof for federal income tax purposes. The Chief Financial Officer shall be the officer of the City responsible for the issuance of the Series 2019A Bonds within the meaning of the Arbitrage Regulations (defined herein). The Chief Financial Officer shall also be the officer of the City responsible for the execution and delivery (on the date of the issuance of the Series 2019A Bonds) of a certificate of the City (the "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of the Internal Revenue

Code of 1986 (“Section 148”), and the applicable regulations thereunder (the “Arbitrage Regulations”), and such officer is hereby authorized and directed to execute and deliver the Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Series 2019A Bonds on the date of the issuance of the Series 2019A Bonds.

(b) The City shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2019A Bonds or of any moneys, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the Series 2019A Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, the “Bond Proceeds”). The City covenants and agrees with the registered owners of the Series 2019A Bonds that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the City’s reasonable expectations on the date of issuance of the Series 2019A Bonds and will be, to the best of the certifying officers’ knowledge, true and correct as of that date.

(c) The City covenants and agrees with the registered owners of the Series 2019A Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause the Series 2019A Bonds to be “arbitrage bonds” within the meaning of Section 148 and the Arbitrage Regulations. The City further covenants that it will comply with Section 148 of the Internal Revenue Code of 1986 (or any successor provision thereto) and the regulations thereunder which are applicable to the Series 2019A Bonds on the date of issuance of the Series 2019A Bonds and which may subsequently lawfully be made applicable to the Series 2019A Bonds.

(d) The City further covenants that it shall make such use of the proceeds of the Series 2019A Bonds, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Series 2019A Bonds. All officers, employees and agents of the City are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Series 2019A Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the City’s compliance with, the covenants set forth in this Section.

Section 14: This Ordinance shall take effect from and after the date of final passage.

THE FOREGOING ORDINANCE was introduced at a meeting of the Mayor and Council of Rockville held on February 25, 2019, and, its title having been included on the published agenda for the meeting of February 25, 2019, and all other requirements of law for published notice or hearing having been complied with, was finally passed by the Mayor and Council of Rockville on February 25, 2019.

City Clerk/Director of Council Operations

Exhibit A

List of Projects

Capital Projects Fund Project	Debt Amount	Issue Year	Maturity
Maintenance and Emergency Operations Facility	7,000,000	2019	20 Years

Capital Projects Fund Subtotal \$7,000,000

Water Fund Project	Debt Amount	Issue Year	Maturity
Water Main Rehabilitation and Improvements	1,702,000	2019	20 Years

Water Fund Subtotal \$1,702,000

Sewer Fund Project	Debt Amount	Issue Year	Maturity
Blue Plains Wastewater Treatment	7,509,000	2019	20 Years

Sewer Fund Subtotal \$7,509,000

GRAND TOTAL	\$16,211,000
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Exhibit B**TERMS OF OFFERING**\$ __, __, 000⁽¹⁾**General Obligation Bonds, Series 2019A
Mayor and Council of Rockville, Maryland**

NOTICE IS HEREBY GIVEN that these Series 2019A Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Sealed or electronic proposals for the Series 2019A Bonds will be received on _____, March __, 2019, until 12:00 P.M., Eastern Time, at the offices of Davenport & Company LLC, _____, after which time they will be opened and tabulated. Consideration for award of the Series 2019A Bonds will be by the City Manager on the same day.

SUBMISSION OF PROPOSALS

The Issuer will assume no liability for the inability of the bidder to reach the Issuer prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the Issuer to purchase the Series 2019A Bonds regardless of the manner by which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope to the offices of Davenport & Company LLC, _____.

OR

(b) **Electronic Bidding.** Electronic Bids may be submitted through PARITY.[®] For purposes of the electronic bidding process, the time as maintained by PARITY.[®] shall constitute the official time with respect to all Bids submitted to PARITY.[®] *Each bidder shall be solely responsible for making necessary arrangements to access PARITY.[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Offering.* Neither the Issuer, its agents nor PARITY.[®] shall have any duty or obligation to provide or ensure electronic access to any qualified prospective bidder, and neither the Issuer, its agents nor PARITY.[®] shall be responsible for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by PARITY.[®]. The Issuer is using the services of PARITY.[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2019A Bonds, and PARITY.[®] is not an agent of the Issuer.

⁽¹⁾ Preliminary, subject to change.

If any provisions of this Official Terms of Offering conflict with information provided by PARITY®, this Terms of Offering shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York City, New York 10018,
Customer Support, (212) 849-5021.

DETAILS OF THE SERIES 2019A BONDS

The Series 2019A Bonds will be dated the date of their delivery (expected to be March __, 2019), and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2019. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019A Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	

TERM BOND OPTION

Proposals for the Series 2019A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds, provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term bonds shall be subject to mandatory sinking fund redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above, at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the proposal must specify “Last Year of Serial Maturities” and “Years of Term Maturities” in the spaces provided on the Proposal Form.

⁽¹⁾ Preliminary, subject to change.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST PROPOSAL

Following the receipt of the bids, the Issuer reserves the right to adjust the principal amount after receipt of bids, and the maximum issue size will not exceed \$17,000,000. If the issue structure is adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2019A Bonds to the public and the price to be paid to the Issuer (excluding accrued interest), by (ii) the principal amount of the Series 2019A Bonds) remains constant.

BOOK ENTRY SYSTEM

The Series 2019A Bonds will be issued by means of a book entry system with no physical distribution of Series 2019A Bonds made to the public. The Series 2019A Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Series 2019A Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Series 2019A Bonds. Individual purchases of the Series 2019A Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2019A Bonds, will be required to deposit the Series 2019A Bonds with DTC.

REGISTRAR

The Issuer will act as Registrar and Paying Agent and shall be subject to applicable SEC regulations.

OPTIONAL REDEMPTION

The Issuer may elect on June 1, 20__, and on any day thereafter, to prepay Series 2019A Bonds due on or after June 1, 20__ at par plus accrual interest. Redemption may be in whole or in part and if in part at the option of the Issuer and in such manner as the Issuer shall determine. If fewer than all of the Series 2019A Bonds shall be called for redemption, the portions of Bonds to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2019A Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements

of DTC then in effect, and, if DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2019A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

SECURITY AND PURPOSE

The Series 2019A Bonds will be general obligations of the Issuer for which the Issuer will pledge its full faith, credit unlimited taxing powers. The proceeds will be used to finance water, sewer, recreation center and property capital projects and to pay the costs of issuing the Series 2019A Bonds.

TYPE OF PROPOSALS

Proposals shall be for not less than \$____,000 (Par) plus accrued interest on the total principal amount of the Series 2019A Bonds. After receipt of bids for the Series 2019A Bonds is closed and prior to the award, the apparent successful bidder indicated on PARITY must submit a Good Faith Deposit (“Deposit”) of \$____ to the Issuer by wire transfer as instructed by the Issuer or its financial advisor. The award to the apparent successful bidder is contingent upon receipt of the Deposit, and the Series 2019A Bonds will not be awarded to such bidder until the Issuer has confirmation of receipt of the Deposit. Proposals may also be accompanied by a Deposit in the form of a certified or cashier's check in the amount of \$____, payable to the order of the Issuer. If a check is used, it must accompany the proposal. The Issuer will deposit the check of the purchaser, the amount of which will be deducted at settlement and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the Issuer. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the Issuer scheduled for award of the Series 2019A Bonds is adjourned, recessed, or continued to another date without award of the Series 2019A Bonds having been made.

Rates must be in integral multiples of 1/8 or 1/20 of 1%. In addition, the Series 2019A Bonds subject to optional redemption (those maturing in the years 2030 through 2039) may not bear an interest rate less than 4.00%. All Series 2019A Bonds of the same maturity shall bear a single uniform rate from date of issue to maturity. Each proposal must be for the entire principal amount of the Series 2019A Bonds. Interest will be computed on a 360-day-year basis. No conditional proposals will be accepted.

AWARD

The Series 2019A Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The Issuer's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Issuer will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019A Bonds, (ii) reject all proposals without cause, and, (iii) reject any proposal which the Issuer determines to have failed to comply with the terms herein.

As a condition to the award of the Series 2019A Bonds, the successful bidder shall be required to communicate to the Issuer the initial offering prices at which a bona fide offering of Series 2019A Bonds has been made to the public, the prices at which a substantial portion of each maturity of the Series 2019A Bonds have been sold to the public (excluding bond houses, brokers and other intermediaries), and such other information as may be required to enable the Issuer to satisfy IRS requirements with respect to the determination of the “issue price” of the Series 2019A Bonds for federal income tax purposes. Furthermore, as a condition to the delivery of the Series 2019A Bonds, the successful bidder shall be required to certify that a bona fide offering of the Series 2019A Bonds has been made to the public (excluding bond houses, brokers and other intermediaries) and such initial offering prices by written certificate, such certificate to be in form and substance reasonably satisfactory to the Issuer’s bond counsel and otherwise providing such certifications as necessary to enable the Issuer to satisfy IRS requirements with respect to the determination of the “issue price” of the Series 2019A Bonds for federal income tax purposes.

CUSIP NUMBERS

If the Series 2019A Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2019A Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Series 2019A Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

The Series 2019A Bonds will be delivered on or about March __, 2019, without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Venable LLP of Baltimore, Maryland, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019A Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Issuer or its designee. Except as compliance with the terms of payment for the Series 2019A Bonds shall have been made impossible by action of the Issuer, or its agents, the purchaser shall be liable to the Issuer for any loss suffered by the Issuer by reason of the purchaser's non-compliance with said terms for payment.

PRELIMINARY OFFICIAL STATEMENT; CONTINUING DISCLOSURE

The Issuer has deemed the Preliminary Official Statement dated March __, 2019 to be final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain information permitted to be omitted by said Rule. The Issuer agrees to deliver to the successful bidder for its receipt no later than seven business days after the date of sale of the Series 2019A Bonds such quantities of the final official statement as the successful bidder shall request; provided, that the Issuer shall deliver up to 30 copies of such official statement without charge to the successful bidder.

The Issuer has made certain covenants for the benefit of the holders from time to time of the Series 2019A Bonds to provide certain continuing disclosure, in order to assist bidders for the Series 2019A Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated March __, 2019.

THE MAYOR AND COUNCIL OF ROCKVILLE

By: /s/ Mr. Gavin Cohen
Chief Financial Officer

City of Rockville, Maryland

General Obligation Bonds, Series 2019



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DAVENPORT & COMPANY

City of Rockville, MD Series 2019 General Obligation Bonds

Financing Schedule

January 2019

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2019

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March 2019

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April 2019

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Working Group

Role	Entity	Abbreviation
Issuer	City of Rockville, MD	CTY
Financial Advisor	Davenport & Company LLC	DAV
Bond Counsel	Venable LLP	VEN

Date	Task	Responsibility
Tuesday, January 22	City to begin collection of POS data	CTY
Tuesday, February 5	Venable forwards Bond Ordinance to City for February 25 th	CTY, VEN
Monday, February 11	City forwards POS material to Davenport	CTY, DAV
Friday, February 22	Distribution of 1 st draft of POS	DAV
Monday, February 25	Bond Ordinance Introduction and Approval	CTY
Monday, March 4	City distributes 1st draft of Credit Presentation	DAV
Tuesday, March 5	Comments on 1 st draft of POS due to Davenport	ALL
Thursday, March 7	Distribution of 2 nd draft of POS	DAV
Thursday, March 7	Comments on 1 st draft of Credit Presentation due to City	ALL

Date	Task	Responsibility
Friday, March 8	Meeting to review credit presentation	DAV, CTY
Monday, March 11	City distributes 2 nd draft of Credit Presentation	CTY
Wednesday, March 13	Comments on 2 nd Draft of Credit Presentation due to City	ALL
Wednesday, March 13	Comments on 2 nd draft of POS due to Davenport	ALL
Thursday, March 14	Send Credit Presentation and POS to Rating Agencies	DAV
Monday, March 18	Conference calls with Rating Agencies	CTY, DAV
Tuesday, March 26	Release of ratings	CTY, DAV
Tuesday, March 26	Final comments due on POS/NOS	ALL
Wednesday, March 27	Signoff on POS/NOS; Release for electronic distribution	ALL
Tuesday, April 2	Pre-Pricing Call @ 3pm	CTY, DAV
Wednesday, April 3	Bond Sale	ALL
Thursday, April 4	Davenport distributes draft of final OS	DAV
Friday, April 5	Signoff on final OS	ALL
Friday, April 5	Venable distributes final bond documents to City	VEN
Monday, April 8	Delivery of final OS to printer and underwriter	ALL
Monday, April 15	City returns closing documents to Venable	CITY, VEN
Tuesday, April 16	Pre-Closing	ALL
Wednesday, April 17	Closing	ALL

Preliminary Bond Schedules

It is proposed that the City solicit competitive bids to issue approximately \$14,565,000 General Obligation Bonds Series 2019 (the “Bonds”) to finance the cost of various public improvements within the City.

Projects funded with the Bonds are listed in the table below:

Capital Project Fund Project			
Maintenance and Emergency Operations Facility	20 Year Amortization	\$	7,000,000
Water Fund Project			
Water Main Rehabilitation and Improvements	20 Year Amortization		1,702,000
Sewer Fund Project			
Blue Plains Wastewater Treatment	20 Year Amortization		7,509,000
Total Project Costs			<u>\$16,211,000</u>

Preliminary schedules for the Bonds have been provided on the following pages.

The assumptions utilized in the preliminary schedules are as follows:

1. Competitive Bond sale on Wednesday, April 3, 2019;
2. Dated date as of delivery, currently estimated to be April 17, 2019;
3. Interest payments to begin on December 1, 2019;
4. Principal repayments to begin on June 1, 2020;
5. Proceeds to provide \$16,211,000 for projects as listed in table above;
6. Payments have been structured to effect a level principal structure per project;
7. No capitalized interest;
8. Current market rates as of January 17, 2019, reflecting recent triple “A” bond sales for non-bank qualified issues;
9. Cost of issuance estimate \$200,000;
10. Minimum bid of par for the competitive sale; and
11. Underwriter compensation estimate of 0.5%

Please note that the minimum bid requirement would be a bid of no less than par, and any net premium reduces the issue size. We would propose to allow for adjustment of the par amount after the receipt of bids. This adjustment would ensure that the City does not issue bonds in excess of needs. It does not cost the City to allow for this adjustment, and it is a common feature for competitively issued bonds.

A maximum issue size of \$16,415,000 will provide enough room for necessary adjustments as described above.

SOURCES AND USES OF FUNDS



City of Rockville, Maryland
 General Obligation Bonds, Series 2019
 Current Market Interest Rates as of 1/17/2019

Dated Date 04/17/2019
 Delivery Date 04/17/2019

Sources:	General Obligation Bonds, Series 2019	General Obligation Bonds, Series 2019	General Obligation Bonds, Series 2019	Total
Bond Proceeds:				
Par Amount	6,620,000.00	1,610,000.00	7,100,000.00	15,330,000.00
Net Premium	503,441.70	122,170.20	539,805.90	1,165,417.80
	7,123,441.70	1,732,170.20	7,639,805.90	16,495,417.80
Uses:	General Obligation Bonds, Series 2019	General Obligation Bonds, Series 2019	General Obligation Bonds, Series 2019	Total
Project Fund Deposits:				
Project Fund	7,000,000.00	1,702,000.00	7,509,000.00	16,211,000.00
Cost of Issuance:				
Cost of Issuance	86,366.60	21,004.57	92,628.83	200,000.00
Underwriter's Discount:				
Underwriter's Discount	33,100.00	8,050.00	35,500.00	76,650.00
Other Uses of Funds:				
Additional Proceeds	3,975.10	1,115.63	2,677.07	7,767.80
	7,123,441.70	1,732,170.20	7,639,805.90	16,495,417.80

BOND DEBT SERVICE



City of Rockville, Maryland
General Obligation Bonds, Series 2019
Current Market Interest Rates as of 1/17/2019

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020	775,000	5.000%	698,141.46	1,473,141.46
06/30/2021	775,000	5.000%	583,356.26	1,358,356.26
06/30/2022	770,000	5.000%	544,606.26	1,314,606.26
06/30/2023	770,000	5.000%	506,106.26	1,276,106.26
06/30/2024	765,000	5.000%	467,606.26	1,232,606.26
06/30/2025	765,000	5.000%	429,356.26	1,194,356.26
06/30/2026	765,000	5.000%	391,106.26	1,156,106.26
06/30/2027	765,000	5.000%	352,856.26	1,117,856.26
06/30/2028	765,000	5.000%	314,606.26	1,079,606.26
06/30/2029	765,000	5.000%	276,356.26	1,041,356.26
06/30/2030	765,000	3.000%	238,106.26	1,003,106.26
06/30/2031	765,000	3.000%	215,156.26	980,156.26
06/30/2032	765,000	3.000%	192,206.26	957,206.26
06/30/2033	765,000	3.000%	169,256.26	934,256.26
06/30/2034	765,000	3.000%	146,306.26	911,306.26
06/30/2035	765,000	3.125%	123,356.26	888,356.26
06/30/2036	765,000	3.125%	99,450.00	864,450.00
06/30/2037	765,000	3.250%	75,543.76	840,543.76
06/30/2038	765,000	3.250%	50,681.26	815,681.26
06/30/2039	765,000	3.375%	25,818.76	790,818.76
	15,330,000		5,899,979.14	21,229,979.14

BOND DEBT SERVICE



City of Rockville, Maryland
General Obligation Bonds, Series 2019
Capital Projects Fund
Current Market Interest Rates as of 1/17/2019

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020	335,000	5.000%	301,555.14	636,555.14
06/30/2021	335,000	5.000%	251,962.50	586,962.50
06/30/2022	335,000	5.000%	235,212.50	570,212.50
06/30/2023	335,000	5.000%	218,462.50	553,462.50
06/30/2024	330,000	5.000%	201,712.50	531,712.50
06/30/2025	330,000	5.000%	185,212.50	515,212.50
06/30/2026	330,000	5.000%	168,712.50	498,712.50
06/30/2027	330,000	5.000%	152,212.50	482,212.50
06/30/2028	330,000	5.000%	135,712.50	465,712.50
06/30/2029	330,000	5.000%	119,212.50	449,212.50
06/30/2030	330,000	3.000%	102,712.50	432,712.50
06/30/2031	330,000	3.000%	92,812.50	422,812.50
06/30/2032	330,000	3.000%	82,912.50	412,912.50
06/30/2033	330,000	3.000%	73,012.50	403,012.50
06/30/2034	330,000	3.000%	63,112.50	393,112.50
06/30/2035	330,000	3.125%	53,212.50	383,212.50
06/30/2036	330,000	3.125%	42,900.00	372,900.00
06/30/2037	330,000	3.250%	32,587.50	362,587.50
06/30/2038	330,000	3.250%	21,862.50	351,862.50
06/30/2039	330,000	3.375%	11,137.50	341,137.50
	6,620,000		2,546,230.14	9,166,230.14

BOND DEBT SERVICE



City of Rockville, Maryland
General Obligation Bonds, Series 2019
Water Fund
Current Market Interest Rates as of 1/17/2019

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020	85,000	5.000%	73,393.33	158,393.33
06/30/2021	85,000	5.000%	61,150.00	146,150.00
06/30/2022	80,000	5.000%	56,900.00	136,900.00
06/30/2023	80,000	5.000%	52,900.00	132,900.00
06/30/2024	80,000	5.000%	48,900.00	128,900.00
06/30/2025	80,000	5.000%	44,900.00	124,900.00
06/30/2026	80,000	5.000%	40,900.00	120,900.00
06/30/2027	80,000	5.000%	36,900.00	116,900.00
06/30/2028	80,000	5.000%	32,900.00	112,900.00
06/30/2029	80,000	5.000%	28,900.00	108,900.00
06/30/2030	80,000	3.000%	24,900.00	104,900.00
06/30/2031	80,000	3.000%	22,500.00	102,500.00
06/30/2032	80,000	3.000%	20,100.00	100,100.00
06/30/2033	80,000	3.000%	17,700.00	97,700.00
06/30/2034	80,000	3.000%	15,300.00	95,300.00
06/30/2035	80,000	3.125%	12,900.00	92,900.00
06/30/2036	80,000	3.125%	10,400.00	90,400.00
06/30/2037	80,000	3.250%	7,900.00	87,900.00
06/30/2038	80,000	3.250%	5,300.00	85,300.00
06/30/2039	80,000	3.375%	2,700.00	82,700.00
	1,610,000		617,443.33	2,227,443.33

BOND DEBT SERVICE



City of Rockville, Maryland
General Obligation Bonds, Series 2019
Sewer Fund
Current Market Interest Rates as of 1/17/2019

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020	355,000	5.000%	323,192.99	678,192.99
06/30/2021	355,000	5.000%	270,243.76	625,243.76
06/30/2022	355,000	5.000%	252,493.76	607,493.76
06/30/2023	355,000	5.000%	234,743.76	589,743.76
06/30/2024	355,000	5.000%	216,993.76	571,993.76
06/30/2025	355,000	5.000%	199,243.76	554,243.76
06/30/2026	355,000	5.000%	181,493.76	536,493.76
06/30/2027	355,000	5.000%	163,743.76	518,743.76
06/30/2028	355,000	5.000%	145,993.76	500,993.76
06/30/2029	355,000	5.000%	128,243.76	483,243.76
06/30/2030	355,000	3.000%	110,493.76	465,493.76
06/30/2031	355,000	3.000%	99,843.76	454,843.76
06/30/2032	355,000	3.000%	89,193.76	444,193.76
06/30/2033	355,000	3.000%	78,543.76	433,543.76
06/30/2034	355,000	3.000%	67,893.76	422,893.76
06/30/2035	355,000	3.125%	57,243.76	412,243.76
06/30/2036	355,000	3.125%	46,150.00	401,150.00
06/30/2037	355,000	3.250%	35,056.26	390,056.26
06/30/2038	355,000	3.250%	23,518.76	378,518.76
06/30/2039	355,000	3.375%	11,981.26	366,981.26
	7,100,000		2,736,305.67	9,836,305.67

Proposed Fee

Our estimated fees to serve as Financial Advisor for the City's 2019 General Obligation Bonds are in the table below.

FY2019 General Obligation Bonds

Team Member	Title in Contract	Hourly Rate	Estimated hours	Fee
Joseph D. Mason	Principal	\$275.00	30	\$8,250.00
Jennifer L. Dierksen	Senior Consultant	\$275.00	25	6,875.00
Shina Omokanwaye	MBE Consultant	\$275.00	15	4,125.00*
Susan Ostazeski	Junior Consultant	\$165.00	12	1,980.00
Gary LeClair	Junior Consultant	\$165.00	12	1,980.00
Linda A. Moran	Junior Consultant	\$165.00	12	<u>1,980.00</u>
Total			84 hrs.	<u>\$25,190.00**</u>

* Subject to minimum 16% participation requirement.

**Please note that these fees are a preliminary not-to-exceed estimate and subject to change, as needed, with further input from the City.

FIRM BACKGROUND

Davenport provides financial advisory services to a diverse group of more than 400 public sector clients including cities, counties, utility systems, state governments, public authorities, transportation facilities, universities, museums, and other agencies responsible for public or not-for-profit activities. **Since 1998, the Public Finance department has provided financial advisory services on over 2,600 municipal transactions aggregating over \$61.5 billion in total volume.**

We assist our clients with strategic financial planning, debt management analysis, economic development strategies, project development for both revenue and tax supported ventures, credit ratings, peer group comparisons, credit enhancement, evaluation of new financing techniques, and arranging public offerings and direct bank loans. We provide clients with portfolio surveillance, derivative evaluation, cash flow forecasting, investment advice, assisting with investment strategy development, and other financial products. In addition, we assist clients with management of operating funds, reserve funds and the proceeds of bond issues.

PROJECT TEAM

Davenport has assembled a team of proven professionals specifically designed for the City of Rockville with extensive experience in all aspects of the engagement. The team we have assembled to serve this engagement has worked on a wide range of challenging and demanding assignments, and will carefully allocating responsibilities within the team to provide continuity, responsiveness, and high-caliber service on all assignments.

Mr. Joseph D. Mason, Senior Vice President and Ms. Jennifer Diercksen, First Vice President, will serve as the day-to-day contacts for the City. They will be responsible for managing the engagement and will personally take the lead. Ms. Susan Ostazeski and Mr. Gary LeClair, our analysts, will provide technical and logistical assistance to the rest of the Financial Advisory team, including document distribution, debt structuring analysis, bond sale calculations, and portfolio monitoring for refunding opportunities. Ms. Linda A. Moran, Associate Vice President, will assist the senior members with official statement preparation and other tasks related to the bond sale transaction. Mr. Shina Omokanwaye, President of SOA Financial, will assist with financial reporting and technical support. Resumes and qualification overviews for each of these individuals are provided on the following pages.

SCOPE OF SERVICES

Advise on the Method of Sale

Davenport will work with the City and the City's bond counsel to analyze different credit structures. This includes evaluating various legal financing options; analyzing different debt structures to determine a preferred amortization that meets the City's goals and policies; as well as deciding on the best method of sale.

Ensuring that the City obtains the lowest cost financing available begins long before the day of the sale. It begins at the onset of planning for the issuance. Davenport's experience as Financial Advisor in Maryland and in the Mid-Atlantic makes us particularly well suited to provide unbiased analyses of all of the available financing options. Our preference is to ensure that all of the available funding options are taken into account when planning for a new financing. The most strategic Plan of Finance may take into account multiple funding sources.

In today's environment, given the City's top-notch credit ratings and the anticipated size of its General Obligation Bond issuance, the most likely funding option would be a competitive sale. Assuming a competitive bond sale, Davenport would expect to provide the following deliverables to the City.

Deliverables

- 1. Create financing schedule for the transaction:** Davenport will prepare a financing schedule for the transaction for distribution to the City, bond counsel, and other financing team members.
- 2. Review Legal Documentation:** Davenport will review and comment on legal documentation for the transaction, including the bond ordinance and any other necessary agreements.
- 3. Official Statement:** Davenport will assist with the drafting of the Preliminary Official Statement (POS) and the final Official Statement. The review of the POS is done in conjunction with sizing and structuring the transaction. We will review the final Official Statement for accuracy to assure that it reflects the final details of the winning bid.
- 4. Rating Agencies:** Davenport will assist with rating agency process as requested by the City. Davenport would anticipate assisting the City in its preparation of a comprehensive credit presentation for use in credit rating meetings and discussions. Davenport would schedule rating agency calls and would be available to attend any meetings or calls with the rating agencies.
- 5. Notice of Sale (NOS) and Bid Form:** Davenport will review the NOS and Bid Form. The bid parameters in the NOS and Bid Form must be carefully reviewed to provide the City with sufficient flexibility to restructure the transaction after the winning bidder is determined. The review of the NOS is done in conjunction with sizing and structuring the transaction.

6. Size and Structure Transaction: Prior to going to market, Davenport will size and structure the amortization schedule that will be used for the competitive bid. Davenport will monitor the market and make sure that underwriting desks are aware of the transaction.

7. Method of Sale: It is anticipated that the bonds will be sold at competitive sale. On the sale date, Davenport will check all bids for accuracy and conformance with the terms of the Notice of Sale and Bid Form. After receipt of the bids, Davenport will independently verify the winning bidder.

8. Competitively Procure Official Statement Printer: Davenport will competitively procure the printer to print the City's final Official Statement. Davenport will assist with the interaction with the printer and the winning bidder.

9. Assist with Closing: Davenport will assist with the closing of the debt including preparation of the closing memorandum outlining the flow of funds at closing.



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Presentation
 Department: Recreation & Parks
 Responsible Staff: Tim Chesnutt

Subject

National Golf Foundation Inc's Business Analysis of the RedGate Municipal Golf Course

Recommendation

Staff recommends the Mayor and Council receive the presentation, followed by questions and answers, and discussion of the NGF Consulting Report.

Discussion

Billy Casper Golf's (BCG) operation of the RedGate Golf Course ended on December 31, 2018. In anticipation of the operation ending, the City Manager recommended to the Mayor and Council to authorize the City to contract with the National Golf Foundation (NGF) to conduct an analysis of the course. The analysis would provide information for the consideration of the Mayor and Council and staff regarding the future of the RedGate property, specifically, to assist in evaluating the operational and economic performance of the facility. NGF conducted a similar analysis about RedGate Golf Course for the City in 2010, which provided background information and served as a baseline for the new analysis.

The scope of work for the analysis focused on understanding RedGate Golf Course's physical and fiscal condition, and determining what improvements would be required to ensure viable ongoing operations. It also included recommended strategies for operating the course in a sustainable physical condition and with realistic financial performance, so that the course would be supported by self-generated revenues.

The NGF Consulting Inc.'s Business Analysis of the RedGate Golf Course is provided in Attachment A. Richard Singer, Senior Director of Consulting Services for NGF, will present the findings of the study and answer any Mayor and Council questions. The Executive Summary of the report, beginning on page 2, summarizes the NGF findings and recommendations.

Mayor and Council History

The Mayor and Council received a presentation on the first National Golf Foundation report on January 10, 2011. The Mayor and Council entered into a lease agreement in 2011 with Billy

Casper Golf to operate the facility, beginning January 1, 2012, which they managed for seven years.

The Mayor and Council began to plan future discussions of the RedGate property during Old/New Business on October 8, 2018. A motion was made and approved directing staff to examine various options for the property. These options included, but were not limited to, continuing to operate the property as a golf course, developing other recreation/park uses, and developing the property as residential units, as well as a combination of these options. To objectively assess the viability of continuing to operate RedGate as a golf course, staff recommended and engaged NGF for a second study.

Public Notification and Engagement

The NGF report was posted on the City's website on Friday, February 15. It was an item in the Sunday, February 17 Rockville Reports Weekly email. A press release about the NGF report and the NGF presentation to the Mayor and Council on agenda was issued on Thursday, February 21.

Next Steps

Staff is gathering additional information, based on the Mayor and Council's direction, to contribute to the ongoing discussion of the future of the RedGate property.

- An appraisal will provide the per unit value of the property if developed as a recreation/park use, single family residential use, townhome residential use or multifamily residential use.
- A recreation and park strategic plan is underway that will include community input about recreation and park needs citywide. In addition, specific information about recreation opportunities at the RedGate property could be requested from the firm developing the strategic plan.
- Staff is developing generic scenarios for potential development on the site, to include mixes of different residential unit types and recreation uses.

Staff will compile this information for a future comprehensive Mayor and Council discussion to begin examining future uses, such as a golf course, other recreational uses and open space, and residential development. At that time, the Mayor and Council could request more detailed information about specific options for their further consideration, such as retaining a golf course architect to determine more precise cost estimates for potential course rehabilitation, more detailed appraisals of select development options and/or a more formal master planning effort for the property, to include a public input process.

Attachments

Attachment 13.a: Final Rockville Report for City(PDF)



Rob DiSpirito, City Manager

2/21/2019

Business Analysis of the RedGate Golf Course in Rockville, MD



Prepared For:

City of Rockville

Recreation and Parks
111 Maryland Avenue
Rockville, MD 20850

Prepared By:



501 N. Highway A1a
Jupiter, FL 33477
(561) 744-6006

January 2019

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General Limiting Conditions

This report is based on information collected from direct NGF research completed for the City of Rockville, Maryland ("City") in 2018, along with general information and data collected during our previous engagement with the City in 2010. The assessment is based on conditions at the time of the analysis (e.g., economic and market conditions) and significant changes in those conditions may affect the relevance of the assessment. National Golf Foundation Consulting, Inc. ("NGF" or "NGF Consulting") has not undertaken any update of its research effort since such date. Because future events and circumstances, many of which cannot be predicted as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by NGF Consulting that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in this report are reasonable, any or all of the estimates contained herein could prove to be incorrect. To the extent possible, the NGF has attempted to verify and confirm all estimates and assumptions used in this analysis. However, some assumptions may not materialize as a result of known or unknown risks and/or unanticipated events. Consequently, actual results achieved by any new golf facility during the period covered by NGF projections may vary from our estimates, and these variations may be material. As such, the National Golf Foundation accepts no liability in relation to the estimates provided herein.

To protect you and other clients, and to assure that the research results of NGF Consulting's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to the City of Rockville, MD.

Every reasonable effort has been exerted in order that the data contained in the written report reflects the most accurate and timely information possible, and is believed to be reliable. However, no responsibility will be assumed for inaccuracies in reporting by the client, client's agents, or any other data source used in preparing the report.

The client agrees that the report is not to be used in conjunction with any public or private offering of debt or equity securities or to otherwise induce investment without the prior written consent of NGF Consulting, which may be conditioned upon client agreeing to pay an additional fee in an amount to be reasonably determined by NGF Consulting.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Executive Summary

The following is a summary of significant findings made by the National Golf Foundation in its study of the RedGate Golf Course in Rockville, MD. The supporting text and tables are found in the body and appendices of the attached report. Some items are repeated from the full report.

INTRODUCTION AND PURPOSE

National Golf Foundation Consulting, Inc. (“NGF”) was retained by the City of Rockville (“City”) in Rockville, Maryland to assist in evaluating the operational and economic performance of the City’s golf facility – the RedGate Golf Course (“RedGate GC” or “RGGC”). The City required a strategic review of the golf course, adjacent clubhouse and driving range operation, an evaluation of the long-term potential of this facility, and recommendations to enhance economic performance. The following report details findings on the RedGate GC, with analysis of the physical and economic condition of the facility and the market environment within which it operates. Based on these findings, NGF has provided a set of recommendations to the City that we believe will improve overall operations and economics of the popular golf facility.

RedGate Golf Course is an historic and popular golf facility that includes a regulation-length 18-hole golf course, a driving range and full-service clubhouse. The City has chosen to operate the facility via lease contract with a private vendor (Billy Casper Golf - BCG) that is in charge of the day-to-day operation of the facility and responsible for all operating expenses and the business risk in the operation. The City’s income in the RGGC enterprise was intended to be a direct lease payment from the operator to the City on a monthly basis. The lease amendment signed in late 2013 modified lease payment amounts that BCG was to make to the City. Reports to NGF indicate that as of 12/31/18 BCG is in arrears for payments on equipment, stormwater management and utilities totaling well in excess of \$26,000.

RGGC produced total top-line revenue of just under \$845,300 in 2017, an amount significantly lower than the \$1.24 million in revenue generated in 2015. This 32% decline in revenue over just two years is much more severe than the total U.S. golf industry and not in line with any other local area public golf course. As a result of this rapid decline in revenue, the total on-site operating expenses have also fallen from \$1.2 million in 2015 to just under \$770,000 in 2017. This decline in expense has had a direct impact on the condition of the golf course and thus further exacerbating the decline in revenue. Expectations in October 2018 suggest that total revenue for 2018 will fall to about \$544,000 with expenses down as low as \$635,000, resulting in an expected **(\$91,000)** loss on operations for BCG. This level of performance is common in municipal golf nationwide, as a large proportion of public agency golf operations are probably not able to earn revenue sufficient to cover all operating expenses, although this is not certain as there is no ‘standard’ for municipal golf accounting.

Of particular interest to the City is a review of options for the RedGate property going forward, as the current lease operator has indicated they will terminate the lease effective January 1, 2019. As a result, the City is presented with considerable responsibility in the RGGC operation and very little time to get it organized to effectively compete in the public golf segment by April 2019. In addition, the NGF’s review of the physical condition of the RGGC property shows considerable deficiencies and needed improvement, all of which will now have to be funded directly by the City. In this report, the NGF team has provided insight and recommendations for how to maximize the economics of the operation and provide a plan for changes (both operational and physical plant) that could lead to a sustainable public golf course.

NGF REVIEW – 2018

In 2018, the NGF was retained by the City of Rockville to evaluate the golf facility, and to make recommendations to help establish the long-term viability of the facility. The project included a thorough review of RGGC on an ‘as-is’ basis, as well as an examination of the facility’s lease/management structure and capital needs. It is expected that the results of this NGF study will be used by the City as a guide for the future of the golf course, and to help identify whether the facility is sustainable for the long-term future and if so, what changes are needed in physical plant and operating structure to ensure this viability. The review includes an evaluation of the facility as it is presently operated, the long-term potential of this market to support a public golf course in Rockville and what changes could be made to the RGGC facility and operation to help improve overall performance.

The findings and recommendations presented by NGF in this report are based on NGF Consulting experience, knowledge of golf industry best practices, and a review of the RedGate GC facility. NGF activities completed to date include meetings with City staff, interviews with golf course management and staff, visits to and profiles of other area golf courses and a comprehensive review of operating data. The NGF team also completed a comprehensive tour of the facility and all its components. The key components and issues of this report include:

- A comprehensive review of the subject RedGate GC, its present physical condition, identified capital needs and operational deficiencies.
- Status of the broader Rockville/Montgomery County market area, with focus on external issues that affect public golf operations, including the balance between demand and supply.
- A preliminary estimate of the cost of improvements that may be needed at RGGC.
- Benchmarking RedGate GC golf operations with industry standards and norms.
- Recommendations on the appropriate management structure for RGGC in light of recent changes to the lease arrangement in place as of 2018.
- Recommendations on the most appropriate amenity package, quality of services, pricing and other “industry best practices” that could be employed at the facility to help improve the operation.
- Helping the City to understand the impact of a competitive local golf market and the presence of one single entity operating the six most direct competitor golf facilities.

The NGF consulting engagement was managed by Richard B. Singer, Senior Director of Consulting Services, and Edward Getherall, Director of Consulting Services, with assistance from Associate Consultant Barry S. Frank and NGF Consulting Administrator Jodi Reilly. In addition to meetings with City officials and golf course personnel, the NGF consultants collected materials to aid in understanding the local market area, weather data, other regional municipal golf operations, and golf operations in general. NGF also collects considerable information and data on the golf industry as a regular part of our organization’s work, and much of this information and data is presented throughout this report.

This executive summary provides an “at-a-glance” summarization of the NGF review, detailing the main findings and NGF recommendations for the RedGate Golf Course. Additional details and support data can be found in the full body of our report and its appendix.

OVERALL SUMMARY OF FINDINGS

The following bullets represent a summary of NGF's key 'high level' findings from our review of RedGate GC. The recommendations NGF sets forth in this report are in consideration of what will be needed to improve the overall economic condition of the golf course and establish its continued viability as a City-owned public golf operation. This review and attendant findings and recommendations must also be considered within the context that the economics of all golf courses are subject to uncontrollable factors, such as yearly weather variations, competitive factors and unexpected expenses.

Key findings on RedGate Golf Course

RedGate Golf Course is a well-known public facility in Montgomery County that has traditionally been supported by Rockville resident golfers seeking an affordable round of mid-quality golf. The course has been open for nearly 45 years and is very well-located in Rockville and is convenient for Rockville residents and others in the Maryland market north of Washington, DC. The course was City-operated from its opening until the end of 2011 when the City entered into a 10-year lease with Billy Casper Golf, LLC of Reston, VA (BCG). Other findings from NGF's review of RGGC:

- RedGate GC is located immediately proximate to, and convenient from, all areas of Rockville and close to elements that should provide support to the golf course. However, the heavy automobile traffic these elements generate also serves to limit the market draw of the facility.
- RedGate GC offers a unique golf facility with a mix of components that can correlate well with economic success given appropriate management and maintenance. RGGC offers a challenging golf layout due to topography and extensive tree cover, although the current (2018) conditions show severe decline making the facility less desirable to serious golfers. With features that can be too challenging for less-skilled golfers (the majority of players), the target market for RGGC is limited and thus maintaining outstanding conditions is paramount to the facility's success. RGGC can be ideal for hosting an active program of golf events, leagues and tournaments along with regular-play golfers, but good maintenance condition is required.
- The overall physical condition of the RGGC property did not appear to be good during NGF's October 2018 inspection, likely due to a number of factors including insufficient maintenance budget, antiquated irrigation, severe overgrowth of trees and inadequate maintenance equipment. At almost 45 years of age, virtually all course elements are beyond their expected useful life, and new investment in improvement is required. The specific upgrades needed at RGGC will total an estimated \$2.9 to \$3.7 million to address, and would almost certainly require the golf course to be shut down for an extended period of several months to complete.
- RGGC is managed by a third-party vendor via lease agreement with the City. This agreement looked fairly standard to NGF and clearly spells out responsibilities of the parties. However, the terms of the lease had to be renegotiated after initial contract due to an unexpectedly high cost for irrigation water. Continued declines in property conditions and poor weather characteristics led to declining revenue, resulting in lessee reductions in staffing and insufficient funding of a defined Annual Capital Improvement Fund (2.5% of revenue) to be used for repairs, improvements and replacements. Unfortunately, the revenue earned at RGGC was below projections, leading to inaction on many of these planned improvements.

- The staff in place at RGGC is much smaller than industry expectations. The current staffing level reflects the revenue generated by RGGC, rather than the needs of the property. Compared to the previous NGF analysis conducted on RedGate in 2010, the current staffing is less than half of the 2010 level and this is clearly impacting overall facility conditions and service.
- The presence of BCG has given RGGC a strong boost in technology and marketing, but recent declines in revenue production has also led to declines in the aggressiveness of marketing by the operator. The City of Rockville is not involved in any direct marketing of the RGGC facility. Going forward, adoption of a modern marketing program will be necessary to attract the new customers and sustain (or grow) rounds and revenue.
- Stated fees for playing golf and using concessions appear appropriate at RGGC, and clearly place the facility in the middle range for public golf in this market. However, the data shows that the vast majority of golf at RGGC in recent years has been played at a discounted rate, resulting in a low average revenue earned per round of golf. One key area of discounting results from the presence of a very active membership. These members are playing golf at RGGC for an average of around \$9 to \$10 per round, compared to a stated green fee of \$36 to \$40. This 75% discount for members is well in excess of the 50% target identified by NGF for pre-paid green fee arrangements.
- Total activity at RGGC has declined from almost 36,000 rounds played in 2015 to just over 32,000 rounds in 2017 and an expected 24,000 rounds in 2018. While rounds declined only 11% from 2015 to 2017, total revenue declined by more than 32%, further showing the impact of discounting. In fact, total average revenue per round has fallen from around \$34 per round in 2015 to \$24 per round in 2017 (29% decline). It appears that BCG has engaged in aggressive discounting in order to attract golfers to the declining property and this has had lasting impact on revenue.
- The ancillary amenities at RGGC (pro shop, F&B, range) are an appropriate complement to the facility's operation and could add to total revenue. Review of these revenue centers shows low average revenue per round but with potential to increase this revenue through added emphasis and commitment to service. However, declining revenue and the demand for cuts in expenses have led the operator to cut back in these areas leading to declines in revenue.
- RGGC produced \$845,390 in revenue in 2017, an amount that is much lower than the \$1.0 million 'standard' target set by NGF for 18-hole public golf courses. The 2017 revenue total was 32% lower than the \$1,241,986 produced in 2015. Total revenue for 2018 is forecasted to be only \$544,400, an amount that would be 56% lower than 2015. In the total U.S. golf market, public golf facility activity and revenue has declined about 5.9% since 2015, with the most significant declines coming in 2017 (-2.7%) and 2018 (-3.9%).

EXTERNAL ENVIRONMENT

The demographic and economic factors affecting the demand for public-access golf in the local market around RedGate GC is mixed. Washington DC is a populous market with a lot of golfers, but the ratio of golfers per 18-holes is well below the NGF-defined success target. In addition, this area is characterized by demographic and other factors (economy, traffic congestion, etc.) that tend to constrain golf activity. The NGF has also observed that there are other golf courses

in the area to service golf demand, and many of these businesses are themselves experiencing declines in rounds and revenue. As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Rockville, substantial growth in rounds and income from current (2018) levels is unlikely without substantial new investment in the facility. Other key findings from NGF's market analysis include:

- Trends in the golf industry will present challenges to RGGC in continuing golf course operations. The total number of golfers in Rockville is not growing and total spending on golf is not increasing as well. Similarly, the cost to maintain and operate golf courses had increased in recent years (equipment, labor, resources, etc.), leading to a difficult economic environment for public golf courses.
- The Rockville area economy appears to be strong in 2018, with many key drivers that tend to correlate with strong golf participation. The subject RGGC is immediately proximate to all of the Rockville area employment centers and large corporations, adding to the possibility of attracting patronage from this segment, **assuming facility quality is appropriate**. Generating golf from these corporate elements will be key to sustaining golf operations at RGGC, as local resident demand is likely not enough to support the operations of all golf facilities in the Rockville area.
- The overall demand/supply balance for golf in Rockville is unfavorable to golf courses. There are far fewer households and golfers available to support each 18 holes of golf in the market, and as a result the golf courses in this area host fewer rounds than average. NGF estimates that there is about 70% the number of golfers per 18 holes in Montgomery County than the NGF-identified success threshold.
- The competition for providing public golf service to patrons in this area is dominated by one individual conglomerate of golf courses, the Montgomery County Revenue Authority (MCRA) which is operating nine public golf courses in Montgomery County and seven within 15 miles of RGGC. This single entity has substantial influence on key public golf dynamics in this market (fees, conditions, specials, etc.) making direct competition by one single facility much more difficult. The recent performance of local area MCRA golf courses show these facilities to be performing much better than RGGC in terms of rounds, revenue and capital enhancements.
- The physical amenities at RGGC are clearly inferior to its immediate competitive set of golf courses, giving enormous advantage to the competition. Even as one of the lowest-priced 18-hole golf courses in the market area, RedGate GC is still struggling to attract the volume of play necessary to sustain operations.
- In addition to the declining demand and competitive nature of public golf in this market, the relative limited accessibility of the area due to automobile traffic severely limits the kind of "day-trip" visitation that tends to correlate well with public golf. As a result, the RGGC will have to attract a much larger share of local Rockville residents to generate the activity and revenue to support the RGGC operation.

NGF RECOMMENDATIONS

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City in the RGGC operation. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations.

Basic Oversight and Golf Course Management

The City of Rockville has chosen to operate its golf course via lease with BCG beginning in 2012. While this structure has allowed the City to substantially reduce its risk in RGGC, one area of risk that remains is the possibility of lease default that could occur due to poor activity and revenue. As of November 2018, this very possibility has occurred and the BCG lease partner is terminating its agreement with the City effective December 31, 2018. In light of this recent change, NGF has prepared a review of options that are available to the City for both the upcoming 2019 golf season, and the longer term continued operation of RGGC.

The NGF reviewed several options for the continued on-site management and oversight of the RedGate GC, and these options are reviewed in detail in the body of this report. Considering the recent announcement from BCG, the City will have to create a new management structure for RGGC for the upcoming 2019 golf season. Given the past struggles in self-operation (pre-2012), it would seem that the best solution is to find a replacement for BCG and continue the lease form of operation. However, given the current market environment and the long list of capital improvements needed at RGGC, the NGF believes it is unlikely that the City will be able to find a private-sector partner willing to accept the full risk in this operation. In addition, the NGF respects the fact that the City will not be able to fully complete a competitive bid process and select a new vendor, under any operating terms, in time for the 2019 golf season.

Given this reality, the NGF recommends the City use this pause in operations created by the lease termination to “re-set” the whole RedGate GC operation in two phases: (1) close RGGC in 2019 and enact all site improvements and renovations while a new formal RFP process is implemented; and (2) the ultimate attraction of a new third-party vendor in place by January 2020, preferably in some form of “hybrid” management contract agreement (key terms of which are presented in this report).

Operational Recommendations

NGF has identified some key operational efficiencies that are common in public golf courses managed by BCG and will have to be continued in any future operation of RGGC. This includes the RGGC operation retaining a focus on new player development and marketing, especially related to the modern technology in public golf marketing in 2019 and beyond (website, email, green fee platforms, social media, etc.). The operational recommendations require limited investment and focus on “best practices” that NGF has observed in the golf industry to improve service, and increase rounds and revenue.

Physical Improvements / Capital Investment

The NGF recommendations for enhancement to the physical plant of RedGate GC are based on the results of our facility inspection that is presented as a “condition of property” report contained within this full NGF analysis. We have documented the challenging physical condition of RGGC that is a result of aging infrastructure, insufficient maintenance budget and inadequate maintenance equipment. If the City is to continue with the RGGC operation, significant improvement to the physical condition of the property is required and this will require a large capital investment. The NGF recommendations to enhance the RGGC physical plant considers both “mission critical” improvements that are required to keep operating, as well as other considerations for future enhancement. A summary of these improvements by functional area is summarized in the table below:

RedGate Golf Course
Summary of Preliminary Golf Facility Repair and Enhancements by Functional Area

Key Area of Improvement	Key Projects	Low Estimate	High Estimate
Golf Course	Irrigation + drainage + cart paths + trees + bunkers + range + tees, greens	\$2,577,000	\$3,191,000
Facilities	Cart barn + maintenance bldg. + on-course services	\$116,000	\$182,000
Equipment	Mowers (greens, fairways, roughs), applicators, bunkers	\$250,000	\$350,000
Total Estimated City-Wide Capital Investment		\$2,943,000	\$3,723,000
All figures are NGF Consulting estimates based on NGF input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the City, and the City of Rockville should engage appropriate research to cost out specific projects.			

NGF recommends that City of Rockville, as part of the due diligence process before any decisions are made or work undertaken, retain a golf course architect and/or structures architect to complete a conceptual plan and get hard dollar cost estimates for any golf course or structure changes proposed for RGGC.

FINANCIAL ANALYSIS

NGF has estimated the future economic performance of RedGate GC under the assumption of experienced professional management in place at the facility from its re-opening in 2020, with all revenues and expenses accruing to the City of Rockville. NGF has assumed the inclusion of several primary revenue generators in the facility operation – green and cart fees, F&B sales, merchandise sales and the driving range. The expenses needed to operate the facility have been assumed to include all costs required to run the golf and clubhouse operation on site, and do not include other “below-the-line” expenses that may be required such as additional City overhead, depreciation or capital cost reduction (debt service).

NGF Projection Results

The results of the NGF financial projection analysis show that with the completion of NGF-recommended improvements after facility closure in 2019 and re-opening in 2020, we expect RedGate GC to improve operations and bring the facility to an economic position at or near “break-even.” We note that this economic position assumes that none of the estimated \$2.9 million to \$3.7 million cost to renovate the facility is tied to the golf operation, nor did NGF consider any additional City overhead or indirect City charges. The NGF has estimated that the \$1.1 to \$1.2 million in total facility earned revenue at the facility would be sufficient to cover all “on-site” operating expenses that would be required to operate and maintain the facility to appropriate market standards.

The NGF projects that with these improvements, RedGate GC would generate around 35,000 total golf rounds within 3-4 years, an amount comparable to the 36,000 rounds actually played at RGGC in 2015. As is common with new golf courses, the City should anticipate a modest “ramp up” period for rounds and revenue, and NGF has projected about 80% of stabilized rounds in the first full year after post renovation re-opening. This level of activity is fully achievable at this location, but requires a level of facility condition that does not currently exist and would require considerable new investment to achieve.

Considering all direct on-site expenses estimated for the new facility, including cost of sales and management fee, the net income available to the City for capital reserve and contingencies is projected to be negative until the facility reaches 36,000 rounds of golf. As such, the NGF can label this level of activity as a realistic “break-even” for the RedGate GC, as in years when rounds fall below 36,000 it is likely that the facility will lose money on site. This would put the operation back into a status that is more in line with industry standards, and it includes some adjustment in expenses to ensure proper management and maintenance of the facility.

SUMMARY STATEMENT

The City of Rockville continues to own the 18-hole RedGate Golf Course, which has fallen on hard times for a variety of reasons, but still has the potential to be a successful public golf recreation amenity for the City. The NGF review shows the City golf course is at a crossroads at the end of 2018, with significant recent declines in activity and earned revenue resulting in part from declining demand, deteriorating physical condition and poor recent weather characteristics. The recent decision by the City’s operating partner (Billy Casper Golf) to terminate the operating lease of RGGC means that the City will have to decide on a new operating program for the facility in 2019 if the facility is to remain open.

This circumstance provides an opportunity for the City to “re-set” RGGC and find a new operating program for the facility while seeking to address the changes to physical condition and overall mix of amenities that are badly needed at RGGC. The NGF has identified some \$2.9 million to \$3.7 million in new investment that will be needed at RGGC in order to address basic “mission critical” infrastructure at the golf course and to make other adjustments needed to bring the facility to an acceptable level of marketability in this competitive golf market, and to prevent further decline.

In summary, it is clear that the City’s golf course has potential, but significant improvement in the property is needed. This upgrade requirement comes within a backdrop of a very challenging golf market with a single, well-funded competitor in control of almost all of the immediate competition to RedGate (MCRA). As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Rockville, substantial growth in rounds and income from current (2018) levels is unlikely. The City is also at a severe disadvantage in losing their third-party operator, thus requiring the City to commit to a new program of self-operation (as was pre-2012) or find a new private partner in a market where very few private interests are willing to absorb this kind of economic risk. In review of this municipal golf facility, the NGF’s most significant recommendations to the City of Rockville include:

1. Decide whether to continue with municipal golf in the City.
2. If committed to continuing City golf, close the facility in 2019 and enact significant renovation and restoration of the property.
3. While undergoing renovation, seek a new third-party vendor to operate the facility via hybrid management contract.
4. Insist on a new program of extensive marketing and focus on player development from the new third-party manager.

Summary of Opportunities and Challenges

The City of Rockville owns the 18-hole RedGate Golf Course, and faces a serious decision at in the first Quarter of 2019 about whether this facility will continue to operate as a golf course for the City. Going forward, the City will have to consider the opportunities and challenges that the continued operation of RGGC will present, best summarized by NGF in the table below:

Opportunities	Challenges
Continue RedGate GC Operation	Lack of significant growth in golf demand
Provide affordable golf to Rockville	Strong competition (esp. from MCRA)
Opportunity to “re-set” RGGC operation	Local traffic limits accessibility
Opportunity to enhance & reposition RGGC	Golf layout too difficult for less-skilled players
	RGGC course & infrastructure requires up to \$3.6MM
	Irrigation, drainage, trees, turf, features require upgrade
	New maintenance equipment required
	Maintenance and cart barns need upgrade
	Operating on a “break-even” basis may be best case

Given the termination of the RGGC operating lease effective January 1, 2019, the City is now presented with a new responsibility in the RGGC operation. As detailed in this report, the NGF’s review of the physical condition of the City’s golf property shows considerable deficiencies and needed improvement, all of which will now have to be funded directly by the City.

Subject Facility – RedGate Golf Course

The subject property is the RedGate Golf Course (“RedGate GC” or “RGGC”), an 18-hole municipal golf facility that is owned by the City of Rockville, MD. The course had historically been operated directly by the City, but they elected to modify the operation to a site lease contract with Billy Casper Golf, LLC (“BCG”) of Reston, VA in early 2012 to take over management of the facility. The golf facility is operated as a municipal (public) golf course with players attracted from Rockville, other areas of Maryland, northern Virginia and the Washington, DC areas. The facility consists of an 18-hole regulation length course, driving range and clubhouse. The golf facility was originally developed in 1974 by the City to serve as a municipal golf course for Rockville. A new clubhouse was added by the City in 1993.

RedGate GC includes a mix of amenities that is common in public golf, and generally correlates well with economic success. However, the current condition of the property was not ideal at the time of the NGF inspection for many reasons, including aging and declining infrastructure and limited operating budget. The overall property condition was clearly worse than was observed by the NGF consultant who inspected the property in 2009. It appears that this neighborhood golf facility is serving the basic needs of golf demand among Rockville residents and a few additional golfers visiting the Rockville area during the year, with the peak of this visitor demand occurring in the June-August summer season.

In our review of the RedGate GC, the NGF Consulting team found a public golf course that could potentially provide good quality and affordable recreation to Rockville golfers and visitors, but the current operating and economic structure of the facility is limiting its maintenance requirements and revenue potential. The lease arrangement in place at the facility appears to be removing any risk or responsibility from the City, but placing a significant burden on the lessee, contributing heavily to the observed property condition in 2018.

REDGATE GOLF COURSE FACILITY OVERVIEW

RedGate GC is an aging 18-hole municipal golf facility with a rich history and a location less than two miles from the center of downtown Rockville. The demand for RGGC has been in decline for many years, and the result is a public golf course facility with rounds and revenue in 2017 and 2018 that is clearly not sufficient to sustain operations at an adequate level. The facility includes a somewhat awkward 18-hole golf course with modest length, a golf support service building (clubhouse), and maintenance facilities. Still, RedGate provides a challenging golf course design and appropriate support amenities that could support a high volume of play, if the demand was sufficient. However, its present (2018) condition and substantial capital needs make the attraction of an adequate number of golfers difficult to achieve.

This golf facility had been popular among a select group of local Rockville golfers who find the layout appealing and the affordable price a good match. Of particular concern for NGF are large-scale infrastructure projects that will be needed at this site in order for the course to remain open, all while operating in a very competitive market with several key competitors offering superior layout and conditions at a similar price. As such, the City will have to carefully weigh the investment required to bring RGGC to an acceptable level so as to attract a wider golfing contingent, in light of other City of Rockville fiscal priorities and the market realities at this location.

Location, Access and Surrounding Elements

RGGC is located at the intersection of E. Gude Dr and Norbeck Rd, a major intersection of heavily travelled roadways in Rockville. The course is only 1.5 miles from the center of Rockville and the intersection of the Rockville Pike and Veirs Mill Rd., and 2.5 miles east of its nearest interstate exit (I-270 / Maryland Av) and close to Norbeck Road/Georgia Avenue (Highway 97 – major north-south thoroughfare into Washington DC) intersection. RedGate is approximately 15 miles from downtown Washington, six miles from Montgomery Village, eight miles from Bethesda, seven miles from Silver Spring, five miles from Gaithersburg and 12 miles from McLean, VA. This places the RGGC facility in the heart of a densely populated metro area, although roadway access is generally served by two-lane surface streets making travel in excess of five to 10 miles slow moving. In the past, travel from the eastern part of Montgomery County was challenging due to the lack of major east-west connectors in the central part of the county. In late 2011, the initial sections of the Intercounty Connector (MD 200) opened, creating a new east-west thoroughfare. This highway was fully completed in late 2014 and now spans from US Highway 1 in Laurel, MD to the Interstate 370 / Interstate 270 interchange in Derwood – a total distance of nearly 20 miles.

The facility is accessed via the entrance on Avery Rd., located in immediate proximity to the intersection with Norbeck Rd (28). Overall, the immediate area surrounding RedGate GC is characterized by the heavy commercial and light industrial elements on E. Gude Dr., and the large and dense residential components that make up the bulk of the City of Rockville. The implication for the golf course is that RGGC is proximate to elements that should provide support to the golf course, but the heavy traffic these elements generate also serves to limit the market draw of the facility. RedGate GC has about 110+/- total parking spaces, slightly less than the NGF-recommended 144 spaces per 18 holes.

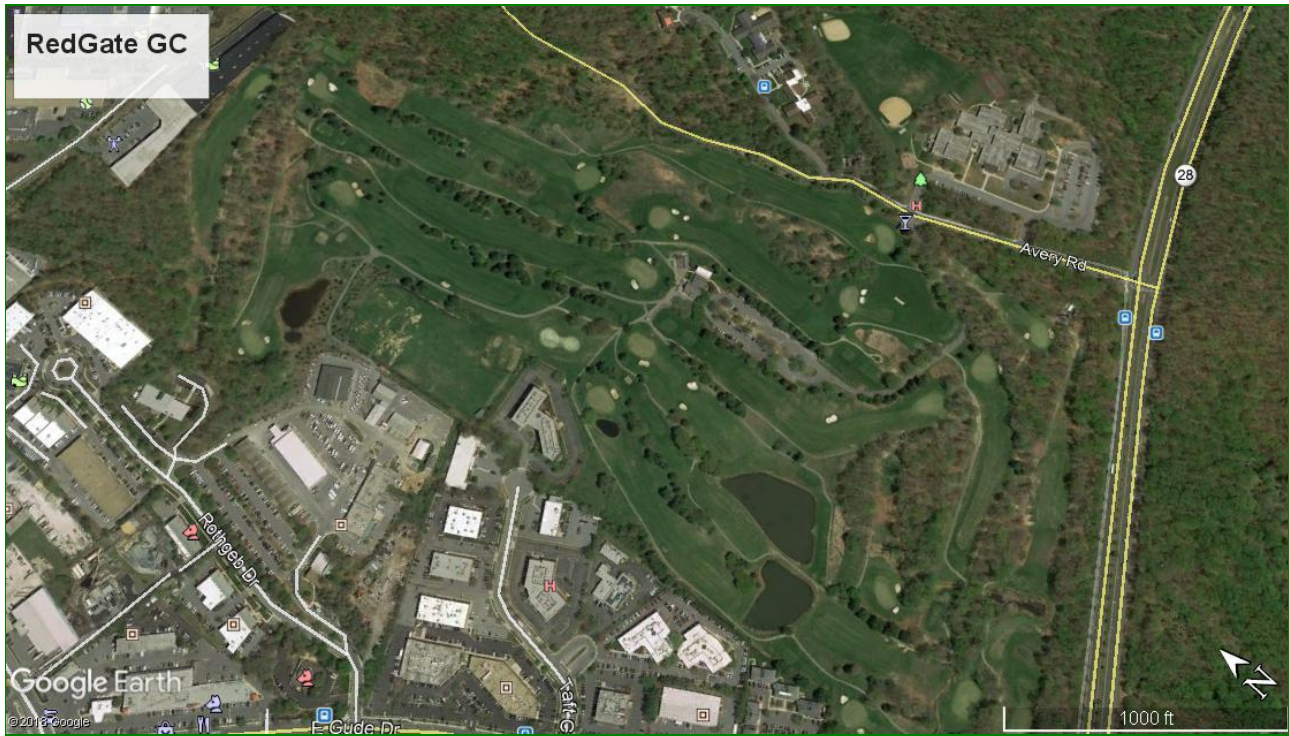
Site Positives

- **Location:** The RGGC location is immediately proximate to all areas of Rockville and is close to downtown.
- **Topography:** The site has outstanding topography, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.

Site Negatives

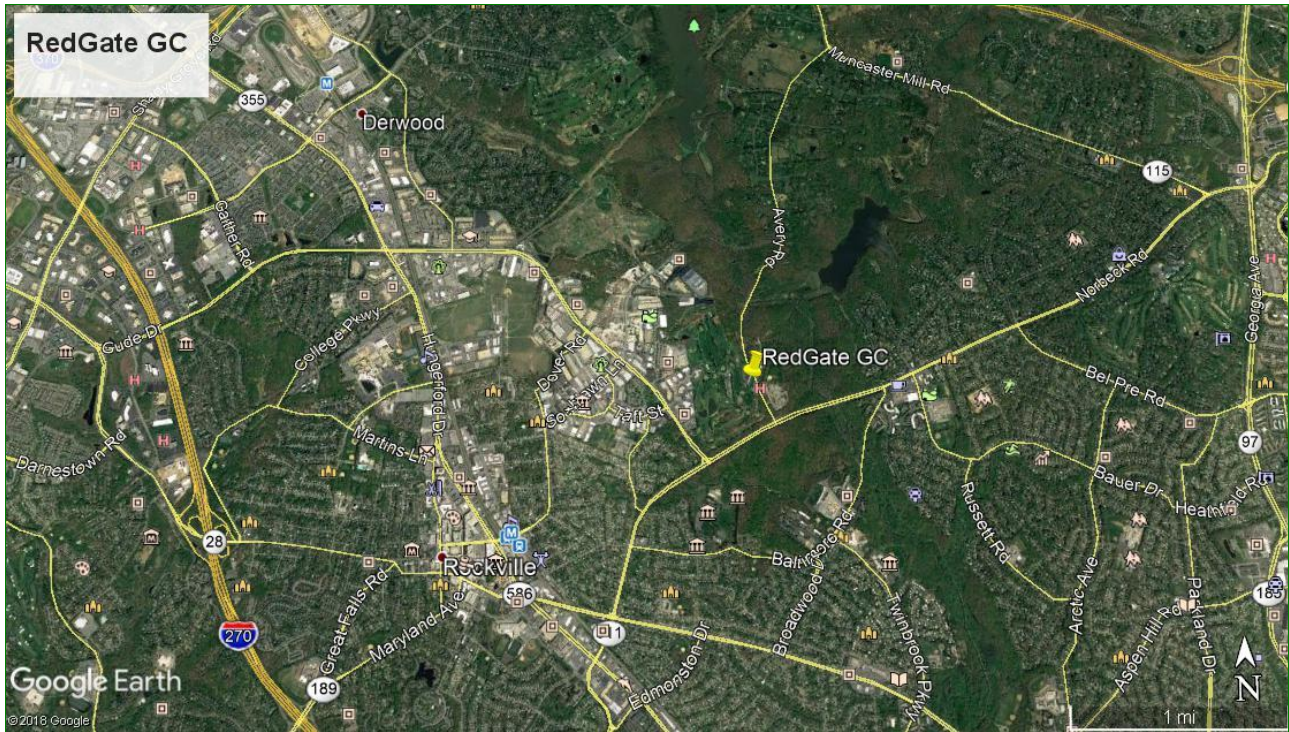
- **Access / Congestion:** The negative aspect of the RGGC location is heavy traffic congestion on key area roadways local to the course, thus limiting its market appeal and potential draw.
- **Site:** With about 140 total acres, this facility is large enough to support the existing 18-hole golf course but limits any modification of expansion possibilities.

Aerial View – RedGate GC



Google Earth image showing RGGC and direct surrounding elements. This view shows the land-locked nature of the golf layout and the immediate proximity to commercial elements along E. Gude Dr in Rockville.

Local Area View – RedGate GC



Google Earth image showing a broader regional view of RGGC and proximity to commercial areas, residences and key area roadways. This view shows the large open spaces surrounding RGGC, and the proximity to Needwood GC, its nearest competitor in the MCRA system.

REDGATE GOLF COURSE FACILITY REVIEW

The RedGate GC is a municipal golf course located in a parkland setting, with rolling terrain and extensive tree cover. The RedGate GC facility includes the following key components:

- An 18-hole regulation-length golf course on approximately 140 acres (with 3 acres of tees, 4.2 acres of greens, 22 acres of fairway, 40 acres of rough and 5 acres of driving range area). The facility includes a total of 20 greens, 32 sand bunkers and approximately 50% golf cart coverage.
- Practice facility (only ~200 yards long with netting for safety) with approximately 18 to 20 stations and about 90 yards of width as well as 2 practice greens
- Split-plan clubhouse with approximately 5,000 square feet (sf) of space, including pro shop, offices, restrooms and a grill area with an outdoor balcony.
- Separate 2,200 sf cart storage building on the north side of the clubhouse.
- Maintenance facility (as part of City Maintenance center) located just west of the driving range.
- Additional acreage for parking lot and unused open space.

Golf Course Review

The RedGate Golf Course opened in 1974 and features a design by Thurman Donovan. Based on our research, Mr. Donovan was a local landscape architect and was president of Donovan Feola Balderson & Associates in Laytonsville prior to his passing in 1984 (he had no other golf course designs on record). RedGate is a scenic golf course with interesting topography and numerous mature trees bounded in many areas by natural woodlands. The golf course is of such caliber that it has hosted important golf tournaments over the years, including a regional qualifier for the USGA Public Links Championship, a sectional qualifier for the USGA United States Open Championship, and qualification for the Maryland State Open. RGGC is the home course for two local high school and other scholastic golf teams.

The golf course has extensive tree cover throughout the property and a total of 32 sand bunkers in play. There are few dogleg holes and water is in play on nine of the 18 holes. While providing for outstanding scenery and visual appeal, the topography of the golf course also provides for a few “blind” shots where the golfer does not see the target area from certain locations, thus adding to the challenge of the golf course. The golf course property encompasses approximately 140 acres and is developed as a core-type design (not routed in conjunction with a residential community). This course configuration generally yields many parallel fairways but the property also has extensive tree cover – particularly on the eastern and southern portions of the site. Although the entire site includes about 140 total acres, the actual maintained area is less than 80 acres.

The golf course playing area consists of an 18-hole, par 71 golf course measuring 6,378 yards from its longest tee, a distance that would be considered “short” by modern standards. Many “championship” golf courses today are in excess of 7,000 yards. However, the RedGate forward tee is 5,179 yards, which may be slightly long for women players. It is highly desirable for top-quality public golf courses to have a forward (ladies’) tee at under 4,800 yards. The scorecard below shows the relative difficulty of the RedGate golf course from its farthest tee where the USGA slope rating (a golf industry standard measure for golf course difficulty) is 130, moderately higher than the “standard” USGA Slope Rating of 117. However, we note the “standard” slope rating of 117 is for a par 72 course and RedGate is a par 71. This type of golf course layout tends to have limited appeal for seniors, ladies, junior golfers and other beginners.

RedGate Golf Course				
Tee	Par	Yards	Slope	Rating
Back (Black)	71	6,378	130	70.5
Middle (Gold)	71	6,002	126	68.9
Front (White)	71	5,600	123	67.5
Ladies (Red)	71	5,179	121	70.2

Overall, RedGate Golf Course has the basic layout and amenities to offer a good-quality golf experience with good basic design, tree-lined holes and significant topography. RedGate Golf Course possesses design characteristics and features that are comparable to other public golf courses in the market area and consistent with its target fee level.

Existing Golf Course Conditions Review

The NGF team conducted a physical review of the RGGC to understand and evaluate the current condition of the golf course playing area. In addition, we have provided a preliminary estimate of the cost that will be required to improve or correct the deficiencies identified in our evaluation of the golf course, as well as the ongoing turf maintenance and long-term utilization of the property. The NGF team inspection was conducted on October 31, 2018 – this time was after the peak summer growing season and the area had experienced moderate rainfall several days before our visit.

Care of a golf course is predicated by a good turf maintenance plan that is well implemented on a consistent basis. The soil, the turfgrasses, the drainage and irrigation are all important components of a good golf course, and the maintenance condition can influence how golf shots are played by golfers. So, many components make up a “maintenance program”, but it is safe to say that the style of maintenance also needs to match the utilization or design of the course. As noted, the RedGate golf course encompasses a relatively small area (with 80 acres of maintained turf) and it is important to maximize the turf conditioning. The costs associated with maintenance can vary greatly but they also need to be in concert with the overall financial goals of the facility.

As previously mentioned, RGGC has been managed by BCG since January 2012 and the lease management agreement includes maintenance of the golf course. During our visit, NGF staff met with key BCG employees including the on-site golf superintendent. We note this individual in charge of golf maintenance has been in this role at RGGC just a few months, as he was transferred from another BCG property when the previous superintendent left for a position at another golf course. Based on our conversations, we understand that the new superintendent was making headway in improving golf course conditions, suggesting strongly that the previous superintendent may not have been producing the best possible conditions. It is also important to note that the Mid-Atlantic area had an extremely wet Spring season (for part of March & most of April) and this adversely impacted playing conditions throughout the region.

In some management contracts, the maintenance procedures are governed by a specific scope of services identifying desired conditions and required activities. Based on our review of the lease agreement between the City of Rockville and Billy Casper Golf, there was no reference regarding key maintenance functions (such as how or when they will be conducted). The BCG lease will be reviewed in greater detail later in this section.

Review of Primary Components

The coordination of fertilizer, chemical and turf cultivation programs / applications are components of a comprehensive “agronomic plan.” It is our experience that golf courses that create such a plan are able to provide better course conditions while adhering to a financial guideline. While BCG has a written plan for RedGate, the operator has reduced maintenance expenses in recent years due to declining rounds and revenues. Another major factor is the cost of irrigation water at the course and this is discussed later. A review of each golf course component is noted below:

- Greens** – The RGGC greens showed inconsistent conditioning and playability. This variability is likely due to several issues such as excessive tree cover (blocking needed sunlight), the age of the greens, limited application of key chemicals (fertilizers, herbicides, fungicides, etc.) and poor cut quality from the current greens mower. Further, it is likely that the wet Spring experienced in the area in 2018 has created problems that are still being felt (especially with older, poorly draining greens).



The 8th green on the left appeared in good condition as it received ample sunlight. The green on hole #15 (R) showed much more significant damage due largely to the lack of sunlight and filtered sunlight due to the tree cover.

- Fairways/Roughs/Green & Tee Surrounds** – These areas also showed excessive wear and tear in many locations and this detracts from the playing experience. These issues also originate from the lack of drainage in various areas (especially the 14th fairway), the encroaching tree cover and limited chemical applications. The roughs may have been in the best condition of these areas during our visit. A comprehensive “cultivation schedule” should be prepared by the operator since much of the long-term health of the turfgrass is predicated by the frequency of cultivation programs.



The 8th fairway (far left) and the 13th fairway (middle) show significant damaged turf on two golf holes that are otherwise good quality. The severe drainage problem on the 14th fairway (far right) renders this area unplayable & requires immediate improvement.

- **Tees** - The majority of tee boxes at RedGate are thinning and/or are poorly conditioned. These conditions are directly attributable to heavy tree cover that blocks the sunlight (especially on par 3 holes), the size of some tees and the lack of appropriate chemical applications. Also, the drainage for the tees is original from the construction of the course in 1974.



The poorly maintained tee box on hole #3 (left) detracts from an otherwise attractive golf hole. The tee for hole #15 (right) is surrounded by excessive tree cover and this makes growing healthy turf virtually impossible.

- **Bunkers** - The course includes a total of 32 sand bunkers with conditions ranging from playable to almost unusable. Most of the bunkers are small in size but strategically located by the architect. Unfortunately, it appears there has been little new sand added in the recent past but this was under consideration at the time of the NGF inspection. Other bunker issues include debris (such as rocks), eroding edges and drainage problems. These issues are certainly correctable if the appropriate investment is made.



There was standing water in the 11th hole greenside bunker (left) during our visit. The bunker on the 12th hole (right) had no sand, but dirt, rocks and weeds.

- **Tree Cover** – As noted in review of individual components, this golf course sits on a heavily wooded site, which provides added visual and playability appeal, but also presents maintenance challenges. The City of Rockville is extremely protective of trees on City-owned property and almost no tree trimming has been allowed on RGGC (according to BCG staff). It is stated in the City of Rockville / BCG lease that “no trees

can be destroyed, removed or moved without permission of the City Forester.” Tree pruning must be conducted with ANSI Standards and in most cases, tree replacement must accompany any removal. As a living and breathing environment, all vegetation will grow over time. However, the tree and foliage growth throughout the property has narrowed the corridors for most golf holes, and this has adversely impacted course playability, making it especially difficult for less-skilled players. Further, this also impacts the overall health of the golf course turf, further deteriorating the overall appeal and quality of the facility.



The tee shot on the 12th hole (left) is made more difficult by the encroaching trees on both sides. The overgrown vegetation & tree cover on the 16th hole (right) add an element that was not intended in the original design.

Golf Course Infrastructure

In addition to the golf course playing area, the NGF assessment of RedGate GC included a review of key golf course infrastructure, including equipment, irrigation, drainage, design and maintenance facilities. Below are NGF observations regarding these components:

- Irrigation** – The golf course irrigation system is from the original development of the course in 1974, with upgrades completed in 2000. There have been numerous repairs made over time on an as-needed basis (such as controller repairs, pipe and irrigation head replacement). **However, the irrigation system is likely beyond its expected useful life and will require replacement if RGGC is to remain open and operating as a golf course.** In the 44 years since RGGC opened there have been significant advances made in golf course irrigation systems that allow more precise watering through the use of specialized heads and irrigation computer programming. These improvements also allow for more efficient watering, with the new systems using approximately 25% to 30% less water. The course pump station (by hole # 2) is also original and should be at least upgraded (if not replaced).
- Water Source** - The primary source of water for irrigating RGGC is from the City of Rockville water department. At present, there are three water meters (or accounts) for RGGC with the City water department: (1) the clubhouse (which includes a water & sewer charge); (2) the golf course maintenance shop (which also includes a water & sewer charge); and (3) an on-course pond that is used as the holding pond for the course irrigation (with only a water charge – no sewer fees apply).

When BCG took over the management and operation of RGGC, there was some confusion regarding the cost of water for the irrigation. BCG staff reports an original expectation that the cost of water would be in the range of approximately \$25,000 to \$30,000 annually. However, the actual cost of water was closer to \$125,000 in the first year of operation, leading to BCG reductions in water use to maximize profit margins being generated at RedGate. This has had a significant impact on the facility (especially with the limited watering now being done on the course to control costs).

- **Drainage** – As we previously mentioned, the course has had minimal improvements since opening in 1974. One of the primary components of any golf course operation is the proper drainage to allow basic water run-off away from golf playing areas. For the greens, tees and bunkers, this typically includes a drainage tile at the base for water run-off. Unfortunately, most of the drainage work no longer functions as needed and this adversely impacts the level of conditioning on the course. In several cases, NGF consultants observed standing water or moist conditions in the bunkers. Other drainage issues on a golf course can be addressed using the natural terrain and how to best improve water flow off the course. There is an existing drain on the right side of the 14th fairway that is not functioning properly and it is causing extremely wet and unplayable conditions on this hole.



Images showing drainage concerns and the results of poor drainage to conditions on the RGGC golf course. The image on the far right shows the drainage intake on hole #14, which is clearly insufficient to handle the volume of water causing severe damage on that hole (image at far left).

- **Cart Paths** – The condition of the cart paths at RGGC was another piece of golf course infrastructure showing age and deteriorating condition. The paths are asphalt, which is less desirable than concrete due to a shorter lifespan and ease of deterioration. In addition to being uncomfortable for the course patrons (as well as increasing wear and tear on the carts), the course maintenance crew also uses these paths to move equipment around the property. A good quality and efficient cart path system can help enhance the appeal of a golf course facility by adding comfort to patrons, expanding the number of playable days (carts can go out when the course is wet), expanding the life of golf carts and improving the condition of the golf course playing area.



Images of the RedGate GC cart paths – this can be both uncomfortable and dangerous

- On-Course Amenities** – There was only one on-course restroom we saw during our property tour – this was a temporary bathroom and it was located near the 15th green. To build more permanent restroom on the course would likely have a significant cost – especially if it was necessary to extend water lines on the course.



Images of the limited on-course amenities at RGGC, which are clearly inadequate and not consistent with high quality golf.

- Maintenance Facility** - The maintenance facility is the operations center of the golf course and this building houses all facility maintenance equipment. The maintenance facility must be of adequate size and provide the appropriate shelter for personnel and equipment. The maintenance facility at RedGate GC is original to the golf course (1974), but there have been some additions made over the years. The maintenance facility is located as part of a larger City of Rockville maintenance compound on the west side of the RGGC, in proximity to the driving range and the 11th hole, with paved pathways leading to the facility from the parking lot and the clubhouse. The maintenance compound includes a building with over 6,000 square feet of indoor space, including approximately 1,000 sf of office/staff area. The golf course maintenance building is certainly showing signs of deterioration and has some space limitations – this requires that some equipment be stored outdoors. While the maintenance building could be improved, this is not seen as an essential need for the facility as it does not appear to significantly impact the operation. In the future, the improvement of the maintenance facility should be included as part of a strategic long-term plan for the entire RedGate GC.



Images of the maintenance facility at RGGC, showing the ample space to store equipment (left) and the hydraulic lift station for completing maintenance equipment repairs (right).

- Golf Course Maintenance Equipment** - The small inventory of equipment used to maintain the RGGC golf course is functional, but not ideal for maintaining high quality golf conditions. BCG arranged for a purchase of the existing maintenance equipment from the City of Rockville when they took over the course in 2012, and there has been very limited equipment replacement over the last few years, with only replacement pieces coming from other BCG courses. The equipment used for course maintenance that is functioning is barely adequate and provides no back-up system whatsoever when anything malfunctions. The staff mechanic is skilled at cannibalizing parts from older equipment to keep the key units functioning. A summary of the key equipment in place is noted below:

RedGate GC Key Golf Course Maintenance Equipment Inventory					
Greens mower	1	Toro 1250 spray rig	1	Utility /Transport	2 - 3
Tee Mower	1	Fairway mower	1	Rough mower	1

Golf Course Design

The golf course is a core type design with each nine-holes returning to the clubhouse. This type of design is very functional for walking as the distances between the previous green and the next tee are almost always minimal (versus a course developed in a residential community that is focused on maximizing the number of lots with course frontage). The natural topography of the site is significant in some areas – this creates opportunities to utilize it in the design (such as the downhill tee shot on hole number 2 and the significant fairway elevation playing up to the 7th green. However, the topography can also make walking the course more difficult.

In a core design, the course layout typically has numerous parallel fairways – this is certainly the case at RedGate. In some areas of the property, there is limited space between the holes and this can create a safety concern. However, the extensive tree cover also serves as a buffer between holes. In other parts of the property, there is a significant amount of space between the holes due to the dense vegetation and existing trees. This is particularly evident on the southern side of the course (between holes 2 & 5 and holes 15, 16 & 17) and the northern side (holes 11 & 12) and the eastern side (holes 7 & 14).

There are several memorable golf holes at RGGC and it could be an enjoyable course for golfers of all skill levels. However, the overall course conditions and the extensive overgrowth of the numerous trees detract from the golfer experience. These issues greatly impact the playability of the course and this will test the loyalty of the staunchest supporters of the course. In its current condition, the primary target markets are frequent players who stay because their friends continue to play at RedGate, those seeking exercise and better players seeking a challenging course.

There is no solution to the extensive encroachment of the trees other than a large-scale pruning effort (including the removal of some of the trees). The fairway corridors have become very narrow due to the overgrowth, thus impacting shot values and playability. This issue has even more impact on the mid-level and high handicap players as they are less skilled at controlling the flight of the ball. This is a critical need for RedGate – regardless if the current course is only improved or a more significant renovation is undertaken.

High Risk Variables

The age of the existing irrigation system is clearly a concern. In addition to improving the functionality of the system, a new system would also use considerably less water. The replacement of the irrigation system should include all major components including the tubing, the sprinkler heads, the controllers and most likely the pump station.

Like the irrigation system, the remainder of the golf course is original since its opening in 1974. We recommend that the course be renovated to improve or replace the key components of the course (the greens, tees, bunkers, etc.). All aspects of the RedGate GC are well beyond their useful life expectancy (please see **Appendix A** – Golf Course Lifecycle). This will vastly improve the playing conditions as well as the drainage issues that NGF saw during our visit.

The golf course maintenance equipment at RedGate GC is owned by Billy Casper Golf. As we understand, all the maintenance equipment is owned outright (with none covered by an equipment lease). The age of the equipment covers a wide range and a detailed and current equipment inventory would be beneficial to forecast club needs going forward. The current equipment is marginally sufficient to maintain RedGate – there is a limited amount of the key equipment and nothing available as a back-up in the very realistic event of a breakdown. Given the age of the equipment, an updated inventory would yield a better finished product. Most golf course equipment that is involved in daily operations has a five-year life span before repairs become too excessive and replacement becomes a consideration.

Additional Amenities and Structures Review

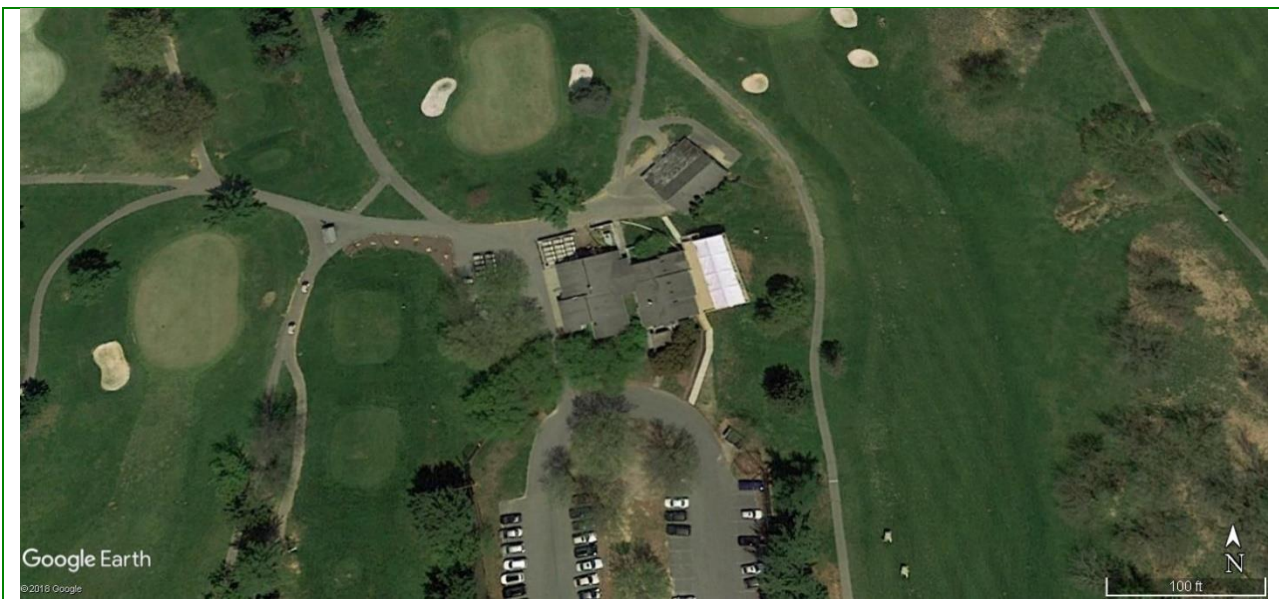
Clubhouse

The RedGate clubhouse was originally developed in conjunction with the opening of the course in 1974. In 1993, there was a clubhouse addition that doubled the size of the facility and added space for a larger snack bar and pro shop on the east side of the building. The building now includes a total of approximately 5,000sf (under air + 1,700sf for the deck/patio) comprising the following elements (sizes estimated by NGF):

RedGate GC Clubhouse	
	Square Feet
Retail / Shop Area	800
Snack Bar (Incl. Storage + Deck Area)	4,100
Offices	600
Open/Restrooms/Other	1,200

The RGGC clubhouse includes features that are appropriate for a municipal golf facility. The snack bar can comfortably host up to 55-60 patrons for a seated indoor gathering. As many golf tournaments will be as large as 72 (4 golfers per hole), the indoor space may be limited for these types of events, and certainly too small to accommodate larger (8 golfers per hole) charity-type golf events that are common in the area. The building also includes a pro shop area and men's and ladies' restrooms, plus an administrative office and a foyer/entrance area. The base parking lot for the golf course includes up to 110 defined parking spaces, which is slightly lower than the 144 spaces recommended for an 18-hole public golf course.

In the period since the previous NGF review of RGGC in 2010, the facility has added a new expansive outdoor deck off the main dining area that faces east and overlooks holes 7 and 14. This deck includes a number of tables and covered seating and is popular for both outing guests and regular patrons. Below are images of the RedGate GC clubhouse.



Google Earth image showing the RGGC clubhouse and parking area. The clubhouse is proximate to #1 tee and #3 green (on the west side), #9 green and #10 tee (on the west & northwest side) and #7 fairway and green (on the east side).



RedGate clubhouse has a modest proshop with limited inventory – mainly soft goods such shirts & hats (we also visited in late October and most courses reduce their inventory for the slow winter months). RGGC also sells light snacks and bottle beverages in the pro shop for convenience.



The small kitchen area limits the potential menu options that can be offered – the limited menu also helps to pare down staffing needs and allows for a modest and efficient food and beverage operation.



The new outdoor deck provides an ideal setting for post-round snacks and beverages in an outdoor setting

Practice Amenities

The practice facilities at RedGate include a driving range, practice green and small practice chipping area. The teeing area for the driving range is limited to about 18 patrons and is not deep enough to allow for hitting on real turf – hence, the majority of range use is from the artificial mats. Also, the driving range is just over 200 yards in length, making it too short to accommodate the hitting of golf clubs that send the ball beyond 200 yards. In the golf industry, ranges of this type are referred to as “irons-only” ranges. Another issue with the RGGC driving range is the location relative to the clubhouse (where range balls are purchased) and parking area. While the range is not convenient for walking golfers, the cart path system is adequate for golfers in carts.

The limited range size and the lack of lighting severely curtail the amount of range-only use the facility could attract. There is no viable option to expand or improve the range in its current configuration, so this is an unlikely consideration for the near-term. Several of the Montgomery County Revenue Authority golf courses have highly successful ranges (more later) and include features such as proximity to the parking lot, lighting and in one case, heated hitting bays.

These amenities were in acceptable condition for the facility, but NGF notes that future planning will have to include a regular schedule to replace driving range mats and range netting (more below).



The practice amenities at RGGC, including the driving range (left – hitting off mats), the dedicated lesson tend (center) and practice green (right).

Protective Netting – The driving range is immediately proximate to the golf course playing area, which requires netting to protect golfers from errant range balls. This netting did not appear to be in good condition during NGF’s inspection and will need replacement in the coming years.



Images of damaged netting in the barrier separating the driving range from the golf course playing area.

Cart Storage

The RedGate cart barn is a stand-alone 2,200 square-foot building located just north of the clubhouse with capacity to house 55 carts. RGGC has a fleet of approximately 50 gas-powered carts, an amount that is generally low for an 18-hole course (NGF standard is 72 carts). In recent years, play levels at RGGC have declined, and this has likely enabled the facility to get by with a smaller fleet. During our visit in 2010, the NGF noted deterioration of the condition of the cart barn and there have been no improvements to this building in the last 8 years. It is not deemed as a critical need at this time, but improvement of the cart barn should be a long-term consideration. Also, it is worth noting that the gasoline storage tank outside the cart barn is located in a large plastic or rubber protective bin that should be checked on a regular basis to confirm integrity.



Photos showing the cart storage facilities at RGGC. Of particular concern to NGF is the smaller size and the large plastic or rubber protective bins used for gasoline storage tanks (right).

RedGate GC Capital Investment Considerations

RedGate GC would benefit from upgrades to basic golf features (tees, greens, fairways, bunkers) through direct improvement and upgraded irrigation. The facility would also benefit greatly from enhancement to its maintenance infrastructure (facilities and equipment) and other structures. Although numerous items are referenced for repair / replacement in the long term, outlined below are the items that are recommended high priority capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term management practices and reduce operational costs:

- **Irrigation System and Pump House:** The addition of a new irrigation system to replace the outdated and mostly broken system in place. Cost for a basic system without extras is estimated at approximately \$12,000-\$15,000 per acre (derived from a prominent irrigation designer, using \$7,000-\$9,000 per acre for materials + \$5,000-\$6,000 per acre for installation). **NGF estimated cost = \$960,000 to \$1,200,000 (80 acres @ \$12,000-\$15,000/acre).**
- **Drainage:** Additional surface/subsurface drainage is needed to enhance the quality of the playing surface. Special attention should be paid to hole #14. Any new drainage may include a new siphon system and 4", 6", 8" and 12" piping. **NGF estimated cost = \$325,000 to \$350,000 (lump sum).**
- **Tree Trimming/Thinning:** Trimming large trees and removing dead and dying trees is a priority for RGGC. **NGF estimated cost = \$250,000 to \$350,000 (Lump sum).**
- **Cart Paths:** The golf course has some cart paths that could be improved to provide smoother surface. The cart path improvements will direct traffic and minimize wear and tear to green and tee surrounds. **NGF estimated cost = \$180,000 to \$200,000 (10,000 linear feet (lf) @ \$18-\$20/lf).**

- **Tee Improvements / New Forward Tees:** Improvement of tee boxes include soil enhancements, leveling, alignment and the addition of new tees. All of the 100,000+/- sf of tees need to be enhanced, plus an additional 30,000sf of new tees added. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per sf. **NGF estimated cost = \$260,000 to \$325,000 (130,000sf @ \$2-\$2.50/sf).**
- **Greens Re-surfacing:** A program to improve the turfgrass on the greens at RGGC includes only re-surfacing and not rebuilding. The unit price for this is about \$2.00 to \$2.50 per sf. **NGF estimated cost = \$360,000 to \$450,000 (180,000sf @ \$2-\$2.50/sf).**
- **Maintenance Equipment:** replacement of aging and outdated maintenance equipment, with most important pieces including a greens mower, fairway mower and other miscellaneous equipment. **NGF estimated cost = \$250,000 to \$350,000 (lump sum)**
<Note: this item could be secured via lease in maintenance budget >.
- **Range Mats and Netting:** Repair netting and purchase new range mats for the driving range. **NGF estimated cost = \$50,000 to \$60,000 (Lump Sum).**
- **Maintenance Facility:** Basic repairs and upgrades to the 6,000sf maintenance facility. **NGF estimated cost = \$30,000 to \$60,000 (6,000sf @ \$5-\$10/sf).**
- **Cart Barn Improvements:** Complete basic repairs and upgrades to the 2,200-sf cart storage barn. **NGF estimated cost = \$11,000 to \$22,000 (2,200sf @ \$5-\$10/sf).**
- **Bunkers:** Restoration and/or re-sanding of bunkers in selected non-penal/strategic locations should be implemented to enhance the aesthetics, challenge and overall golf experience. The unit price for this is about \$6,000 to \$8,000 per bunker. **NGF estimated cost = \$192,000 to \$256,000 (32 bunkers @ \$6,000-\$8,000/sf).**
- **On-Course Services:** Improve drinking water stations and add a new on-course restroom. **NGF estimated cost = \$75,000 to \$100,000 (Lump Sum).**

RedGate GC NGF Recommended Upgrades – by Type			
Priority Capital Investments	Inputs	Low Estimate	High Estimate
Irrigation System and Pump House	80Ac @ \$12-\$15,000/Ac	\$960,000	\$1,200,000
Drainage	Lump Sum	325,000	350,000
Tree Trimming and Thinning	Lump Sum	250,000	350,000
Cart Paths	10,000lf at \$18-\$20/lf	180,000	200,000
Tee Improvements / New Tees	130,000sf @ \$2-\$2.50/sf	260,000	325,000
Greens RE-Surfacing	180,000sf at \$2-\$2.50/sf	360,000	450,000
Maintenance Equipment	Lump Sum	250,000	350,000
Range Mats and Netting Repairs	Lump Sum	50,000	60,000
Maintenance Facility Improvements	6,000sf @ \$5-\$10/sf	30,000	60,000
Cart Barn Improvements	2,200sf @ \$5-\$10/sf	11,000	22,000
Bunker Renovation / Restoration	32 Bunkers @ \$6,000-\$8,000	192,000	256,000
On-Course Services (Restroom / drinking fountain)	Lump Sum	75,000	100,000
Grand Total of Capital Projects (all High Priority)		\$2,943,000	\$3,723,000
All figures are NGF Consulting estimates based on the consultant's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Rockville, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre			

REVIEW OF GOLF OPERATIONS

In the following section, the NGF provides a review of key areas of the RGGC operation, including a review of the lease contract for management of the facility, technology, fees, ancillary centers, organized activities, marketing and other issues key to the future of the operation.

Contract Management Review

When RedGate GC originally opened in 1974, the facility was self-operated by the City of Rockville, a structure maintained by the City through the end of 2011. In 2012, the City elected to make a change in the operation and retained Billy Casper Golf, LLC of Reston, VA as a partner to lease the golf course and all associated facilities. The City elected to turn over the operation to the private sector due to the escalating losses being generated by the course and the deteriorating condition of the asset. The lease with BCG was expected to effectively sever the City's financial responsibility to the course and end the on-going losses (with the City collecting a lease fee and a small percentage of revenues).

City of Rockville & Billy Casper Golf, LLC Lease Overview

NGF reviewed the lease between the City of Rockville and Billy Casper Golf, LLC (which was executed on December 23, 2011) and we have prepared a summary of the key elements below.

- The lease includes all facets of the operation – golf operations, maintenance, pro shop operations, F&B operations, marketing & promotions and facility improvements.
- The initial lease term is from January 1, 2012 through December 31, 2021 (10 years) and includes 2 additional 5-year renewal terms. BCG will pay the City \$12,000 per year for the 1st five years and \$24,000 per year for the balance of the initial term.
- BCG will also pay the City a share of Gross Golf Revenues (greens carts, annual pass card sales & range fees) and Other Revenues (golf shop, retail sales, F&B, and room rental):
 - 25% of GGR revenue between \$1.1 million & \$1,299,999 and 50% of GGR revenue over \$1.3 million
 - 5% of Other Revenue between \$250,000 & \$449,999 and 10% of Other Revenue over \$450,000
- Commencing in the 2nd year (2013), BCG will pay 2.5% of gross revenues into an Annual Capital Improvement Fund –to be used by BCG to pay for improvements, repairs and replacements based on the Annual Capital Improvement Plan (to be submitted annually).
- In the initial term, BCG will make an initial capital investment equal to \$175,000 to complete a broad list of possible improvements (pavilion/outing area, driving range upgrades, integrated POS/tee time reservation system, telephone system, clubhouse improvements, etc.) and these initial capital improvements are to be completed by January 1, 2013.
- BCG will acquire a new fleet of golf carts in Year 1 and replace this fleet once with new carts at the end of the 5th year.
- BCG will spend \$150,000 to replace the maintenance equipment in addition to the amounts funded by the Annual Capital Contribution.
- Trees and landscaping cannot be destroyed, removed or moved without permission of the City Forester. Diseased or hazardous trees and limbs may be removed with reasonable notice to the City Forester. Once removed, BCG shall plant any replacement trees as may be required by the City Forester.
- BCG shall pay the annual debt service for RedGate on or before August 31st each year. The annual payment was between \$34,965 (2012) and \$27,631 (2021).

After taking over the RedGate GC operation, Billy Casper Golf encountered various unexpected challenges that impacted their initial projections of RGGC economic viability. One of the most significant concerns was the cost of irrigation water as this was approximately \$100,000 more per year than budgeted. As we understand, BCG had discussions with the City and the parties agreed to a lease amendment that provided financial relief and attempted to address the water issue. This amendment to the original lease was executed on 10/8/2013 and included the following points:

- Removed the BCG debt service payment obligations for the remainder of the Initial Term.
- BCG will purchase the City maintenance equipment for \$50,000 (with the payments spread out over 4 years).
- Annual lease fee was reduced from \$12,000 per year to \$100 per year from September 2013 through December 2016 and from \$24,000 per year to \$12,000 per year from January 2017 through December 2021.
- The threshold tier amounts for Gross Golf Revenues and Other Revenues were increased (so additional payments are due at higher revenue levels).
- With City approval, BCG may use Annual Capital Improvement Fund monies to pay bills for extreme circumstances.
- The City to install a control valve for Tenant's use to fill the irrigation pond with City water.
- The City will pay up to \$2,500 to inspect the irrigation pond. If feasible to lower the irrigation intake pipe, these costs will be split (with the City's cap at \$10,000).
- The City will pay up to \$15,500 for the exploration of a new well – the target is to have a well that can produce at least seven million gallons per year.
- City to pay up to \$35,000 to install a new well and permit fees (BCG to cover remainder).
- The City will adjust the 2012 water bill and forgive \$38,086 owed by BCG. The remaining balance of \$95,337 is due in staggered payments through July 2016.
- BCG will begin construction of the deck amenity by September 8, 2013.

In spite of the relief provided under the amendment, the economic challenges at RGGC have continued. During the period NGF was preparing this analysis for the City of Rockville, BCG gave formal notice on November 9, 2018 that they were terminating the lease effective December 31, 2018. This issue will be addressed in greater detail later in this analysis.

Lease Termination Issues

Given the termination notice provided by BCG, there are several issues that will have to be addressed by the City if RedGate GC is to continue to operate for the 2019 golf season. The termination as proposed is three years prior to the end of the initial lease between the City and BCG, which was supposed to end December 31, 2021. The specific high-level activities that must be addressed immediately by the City will include:

- Golf course operations (golf shop and F&B) with appropriate staffing and resolution of outstanding golf memberships
- On-going golf course maintenance (including equipment) and the necessary staffing
- Managing the leagues and events already scheduled for 2019
- Development of a new website (including the ability to book tee times online)

The importance and immediacy of these items cannot be overstated so that RedGate GC continues operation and the transition is as seamless as possible.

Oversight and Staffing

All staff involved in the operation and management of the RedGate GC are employees of Billy Casper Golf, LLC. The only exception to this pertains to Marty Johnson, the course's long-time golf professional – he is an independent contractor who retains the lesson revenues he generates. The course staff includes a mix of full-time and part-time employees.

Total Staffing

RedGate Golf Course Total Facility Staffing – 2018				
Department	FT Salary Staff	FT Hourly Staff	PT Staff	Responsibilities
Golf Shop/Operations	1	1	6	pro shop, carts, starter and range services
Food & Bev.	0	0	2	providing F & B services (seasonal)
Clubhouse	0	0	0	Addressed through the use of golf operations staff
Golf Maintenance	2	0	4	Maintaining the golf playing area
TOTAL	3	1	12	

Staffing by Function

In reviewing the staff by function at RGGC, we note that the club operation and F&B functions are covered by a mix of full-time and part-time seasonal positions. NGF estimates a comparative total of 6.0 full-time equivalent (FTE) positions in the RGGC staffing (excluding maintenance function):

- **Pro Shop / Golf Operations / F&B (6.0 FTE)**
 - General Manager (FT - Salary)
 - 1 Shop Operator (FT - Hourly)
 - 2 - 3 Sales Clerks - including F&B (PT - Hourly)
 - 2 - 3 Cart/Range Staff (PT - Hourly)
- **Golf Maintenance Staff (3.0 – 3.5 FTE)**
 - Course Superintendent (FT - Salary)
 - Staff Mechanic (FT – Salary)
 - 4 – 5 Laborers (PT – Hourly)

It is important to note that the current operational structure also includes additional services provided by the BGC central office under the General & Administrative category. Some of these services include senior management allocation, office and accounting functions and technical support for telecommunications and IT. When RedGate was operated by the City, many of these same functions were performed by various City departments.

There are no industry standards that can be referenced to determine the staffing level for a golf operation that is “appropriate”. The size of the staff needed for a particular golf operation depends on several factors, not the least of which is budget considerations. Personnel costs typically represent the largest single expense item in a golf course operation, as is the case for RedGate GC. The NGF data on public golf operations in 2016 show averages for full-time staffing at 18-hole public golf courses nationwide (table below). This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense.

RedGate Golf Course Total Facility Identified Staffing – 2018			
Facility	Operations Staff (FT / PT) *	Maintenance Staff (FT / PT)	Total Staff (FT / PT)
RedGate GC (18-H)	1.5 / 8.0	2.0 / 4.0	3.5 / 12.0
Industry Average (per 18 holes)			
Total U.S. Average	3.0 / 16.0	4.0 / 8.0	7.0 / 24.0
* The national standard for operations staff includes administration and F&B.			

Based on the NGF review of the RedGate GC staffing and golf industry averages, it appears that RGGC is operating with a staff that is well below the national average. The current staffing levels reflect the revenue generation that is occurring at the facility. Compared to the previous NGF analysis conducted on RedGate in 2010, the current staffing is less than half of the 2010 levels.

Technology and Marketing

The bulk of the marketing activities for the RedGate GC are generated by the Billy Casper Golf central office in Reston, VA. In the past, RedGate employees had tried to attract a stronger outing segment via direct recruitment from various local outing sources. However, the results were inadequate to justify the continued expense of this marketing activity. The marketing activities conducted by BCG include email marketing to patrons in their golfer database as well as promotional activities on the course website.

RedGate GC appeared to have limited technological business solutions employed in the facility operation. The course uses the BCG point-of-sale (POS) system for all registers (including the golf shop and the F&B operation). This system enables performance information and other reports to be generated in a standardized BCG format - this allows easy comparison of year over year information as well as versus other facilities in the BCG network.

Website

RedGate GC is hosting a dedicated website (www.redgategolf.com) operated by Billy Casper Golf and utilizes the standardized format in place at all BCG-managed public facilities. The RGGC website includes information on the course, the facility amenities (pro shop, F&B operation & the range), facility events and various player improvement items (lessons, kid camps, etc.). The site also allows golfers the opportunity to make tee times online – public players can book 7 days in advance and RedGate members can book up to 14 days in advance.

This website includes most all of the key features and user touches that NGF typically sees in successful golf facility websites. The address appears to be easy and should be findable in any web search (such as golf in Rockville, Rockville golf, etc.). The information included matches closely to NGF recommended information, and includes links to book tee times and provides e-club sign-up, although the course overview and information could be improved.

Golf Playing Fees

In its current operation as a public golf course, the primary source of course revenue are green fees, followed by annual passholder fees (in effect, pre-paid green fees). A summary of the current RedGate GC public rate structure and annual passholder fees are shown in the tables on the following page. More detail on dues and fees at key competitors appear later in this report

Daily Green Fees

The table below provides a summary of RGGC fees in 2018.

<u>RedGate Golf Course - Current Fees</u>			
<u>Weekday</u>	<u>Rate</u>	<u>Weekend Golf Fees</u>	<u>Rate</u>
Open to 11:00am	\$38	Open to 11:00am	\$54
11:00am to 4:00pm	\$36	11:00am to 2:00pm	\$44
4:00pm to Closing	\$24	2:00pm to 5:00pm	\$34
Senior Rate	\$30	5:00pm - Closing	\$24
9-Holes	\$24	Senior Rate	\$50
		9-Holes	\$34
<u>Driving Range Rates by Size</u>			
Small (30 balls)	\$7		
Medium (60 balls)	\$10		
Large (90 balls)	\$13		
Large Bucket & Draft Beer	\$16		

Membership Options – RedGate Golf Course						
Capital Area Golf Membership¹						
	Walking		Riding		Riding & Range	
	Annual	Monthly	Annual	Monthly	Annual	Monthly
5-Day Membership	\$800	\$75	\$1,200	\$110	\$1,400	\$130
7-Day Membership	\$1,600	\$145	\$2,000	\$180	\$2,200	\$200
Junior Membership ²	\$799	-	-	-	-	-
¹ This membership includes access to 4 other Billy Casper Golf-managed facilities in the local area (1757 Golf Club, Reston National, Forest Greens & Lake Presidential). There is a \$10 fee required for each round and there are surcharges between \$24 & \$39 per round at the other facilities. ² Includes range balls						

The public or daily fee rates at RGGC are comparable to the other competitors in the market area. However, the primary competitor is the Montgomery County Revenue Authority (MCRA) and they operate a total of 9 courses (with 7 of their properties within 15 miles of RedGate). The impact of the MCRA courses on the local golf market will be discussed in the next chapter of this report.

It is important to note that the Capital Area Golf Membership (which includes RedGate GC) provides access to five different courses. This is an appealing benefit for golfers who like to experience a variety of courses. The current passholder structure has far fewer categories than in the past under City management. Under BCG, RedGate also does not offer a resident and non-resident rate structure.

Other Operational Issues

Other key issues related to the RedGate GC operation that was observed by NGF in this review:

- **Pro Shop** – RedGate has a modest merchandising operation, selling primarily shirts, hats, some outerwear and some hardgoods (balls & clubs). Total merchandise revenue is projected to end 2018 at \$24,200, or about \$1.21 per round (industry standard is \$2.35). For 2018, the direct cost of sales (COS) was 69% - this was very close to the industry standard of 70% COS. During 2016 and 2017, the pro shop sales were considerably higher at 89% and 87%, respectively. Unfortunately, the course's pro shop has decreased by over 75% since 2015 and the pro shop per round has dropped by 57% during the same period.
- **Food and Beverage Operation** – The food and beverage operation at the RedGate GC has limited cooking facilities and the management has reduced the menu options to require the least amount of staff support. In previous years, the operation was generating \$110,000 to \$140,000 annually. However, the past 2 years have seen a significant drop in revenues and 2018 is projected to end the year at approximately \$48,400. The F&B operation currently generates about 9% of total facility revenue (down from 11% just 2 years ago). Overall, the food & non-alcoholic beverages are about 53% to 55% of total F&B revenue. For 2018, RGC is projected to generate about \$2.25 per round (industry standard for public golf is \$6.10). Direct cost of sales (COS) is about 31% for 2018 compared to an industry standard of 40% COS.
- **Carts** – The club has an existing lease for 55 Yamaha gas-powered carts. NGF observed that the carts were in good operational condition, with most carts stored inside the cart storage facility for protection. The existing lease is approximately \$55,000 per year (within the industry-expected \$1,000 per cart per year standard).
- **Maintenance Equipment** – The equipment used to maintain the RedGate GC is technically owned by BCG, with much of it acquired from the City when the lease commenced (this discussion about ownership is ongoing with legal representatives from BCG and the City working towards an agreement). The NGF inspection showed that much of the equipment is at or beyond its useful life, with very little additional equipment in a back-up position. This situation greatly increases the importance of the facility mechanic as he has no safety net when equipment is out of service. The current maintenance equipment is not adequate to maintain the golf course to average standards.

REDGATE GC OPERATIONAL PERFORMANCE

The operation of the RedGate GC is comparable to a mid-level public golf course business, with primarily public (non-member or passholder) revenue sources and an expense structure derived primarily from the level of revenue generated. The income for RGGC includes all revenues derived from daily green fees, passholders, cart fees, merchandise sales and food/beverage income. Direct expenses to operate the facility are borne by the operator (BCG) and include direct cost of goods sold, operations, maintenance, utilities, and other general and administrative expenses. As is typical in public golf operations, much of the total expense is fixed in that the expenses must be borne regardless of how many rounds are played. The following paragraphs summarize the activity, revenue, and expenses for the RGGC facility based on the NGF review of operations and input from various BCG and City representatives.

Rounds Played at RedGate GC

Over the last 4 years, the rounds played at RedGate have been declining – from nearly 36,000 rounds in 2015 to a projected year-end forecast of just over 24,000 for 2018. This significant decrease of 33% can probably be attributed to several key factors – the challenging RGGC golf course, deteriorating course conditions, significant competition in the local market and severe weather conditions in the spring of 2018. In comparison, the total U.S. experienced a -8.4% decline in per-course golf rounds between 2008 and 2017, with a 3.9% decline recorded through October 2018. In metro Washington DC (includes Rockville) rounds were flat from 2015 through 2017, with a significant -11.4% decline in the first 10 months of 2018. Total average rounds per 18 holes now stand at 31,500 for golf courses nationwide. During our previous analysis of the RedGate GC in 2011, the course was generating approximately 34,000 to 36,000 rounds annually in the prior 2-year period.

Rounds Played by Year

The review of rounds over the past 4 years illustrates the decline that has been occurring. The total number of “member” rounds (played by various passholders) have been generally steady since 2015. However, this category has been increasing as a percentage of the total play during these four years. Member play represented about 32% in both 2015 and 2016, but is now almost 46% of total rounds. The primary loss of play has been from the public or daily fee rounds. This category has declined from about 65% in 2015 and 2016 to the current level of just over 50%. As we understand, RedGate no longer offers a pricing differential for residents of Rockville.

RedGate Golf Course Total Rounds Summary (2015 – 2018)					
	2015	2016	2017	2018*	15-18* Avg
Member Rounds	11,575	10,218	12,579	10,959	11,332
Outing Rounds	1,335	844	725	766	918
Public Rounds	23,061	20,574	19,038	12,371	18,761
Total Rounds	35,971	31,636	32,342	24,096	31,011

Source: Billy Casper Golf, LLC. *2018 is forecast as of October 2018.

Capacity Issues

A golf course's *theoretical capacity* can be determined mathematically by multiplying the number of available tee times (utilizing only the first tee as the starting hole) by the maximum number of players in a group, usually a foursome. This measure is not realistic for golf, but results in an absolute maximum of around 80,000 total rounds per year (for an 18-hole course).

A more realistic measure, a golf course's *actual capacity* takes into account the loss of tee times for weather, unplayable conditions, cancellations, no-shows, groups of less than four players, and other reasons a golf course would never actually play the *theoretical capacity* such as a desire to maintain course conditions and market realities. In estimating capacity, NGF Consulting has defined a "round" as one person teeing off in an authorized start, so 9-hole and 18-hole rounds are counted equally. In the Maryland area market golf facilities are operating about 9 to 10 months per year (depending on weather conditions). Based on RedGate GC's course type and size, fee structure, weather conditions, down time for maintenance, NGF Consulting has estimated an *actual capacity* of about 45,000 rounds per year for the 18-hole course.

Passholders at RedGate GC

RedGate GC offers a frequent player membership (or pass) to encourage more loyalty from the most active base of players. In addition to access to RedGate, the pass also allows play at 4 other BCG-managed courses: 1757 Golf Club (Dulles, VA), Reston National Golf Club (Reston, VA), Forest Greens Golf Course (Triangle, VA) and Lake Presidential Golf Club (Upper Marlboro, MD). There are membership options available for 5-day memberships, 7-day memberships and junior memberships – with all available as either walking or riding (except for juniors).

Similar to other revenue sources at RedGate, we are able to document a downward trend in membership revenues since 2015. During this period, revenues from dues and pass cards have decreased from almost \$225,000 in 2015 to an estimated \$103,000 for 2018. In spite of the decrease in dues revenue, the number of member rounds have held basically steady. This infers that the pass appeals to the value segment of the market. It was reported that most of the pass holders walk and are minimal spenders on pro shop merchandise or food & beverage items.

The number of member or season passholders at RedGate have been declining as well. The chart below reflects the number of passholders since 2015.

Type	2015	2016	2017	2018
5-Day Pass	41	45	41	38
7-Day Pass	69	24	45	34
Junior Pass	2	2	4	2
Total Passes	112	71	90	74

As previously referenced, the passholders or members at the RedGate GC are active players, averaging approximately 148 rounds annually in 2018. With total membership revenue of \$102,800 for 2018, each member is generating about \$1,400 in membership fees and less than \$10.00 per round of golf (excluding any ancillary spending).

RedGate Golf Course Membership Review (2017-18)		
	2017	2018
Annual Golf Members	90	74
Member Rounds	12,579	10,959
Total Collected Dues	\$130,660	\$102,821
Dues Per Member	\$1,452	\$1,389
Dues Per Member Round	\$10.39	\$9.38
Source: Billy Casper Golf, LLC & NGF Consulting (November 2018)		

RedGate Golf Course Revenue

The table below shows the total operating revenue from all sources at RedGate GC from 2015 through 2018 (which is a year-end forecast). We note that the facility's overall revenue has been suffering from a precipitous decline over this 4-year period and this has impacted virtually every revenue category. The decline from approximately \$1.25 million in 2015 to the projected year-end 2018 forecast of about \$545,000 represents an overall reduction of over 55%. Historically, RGGC's food & beverage operation plus merchandise sales have accounted for about 15% to 20% of total revenue in the recent past. The weather conditions in the Mid-Atlantic region this past spring were very severe with extensive rainfall (and significant problems with course conditions region-wide). These issues caused RGGC to have a late opening for 2018 and poor course conditions that have lingered throughout the season. The 'standard' in the U.S. for 18-hole public golf courses is about \$1.0 million in total revenue, showing RGGC is generating about 69% of the revenue standard.

The table below is a revenue summary of total operating revenue from all sources from 2015 through 2018:

RedGate Golf Course Revenue by Category 2015 through 2018 ¹						
<u>Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018¹</u>	<u>2017 - 2018 Average</u>	<u>% of Total Revenue</u>
Green Fees	\$573,223	\$456,133	\$399,406	\$234,334	\$316,870	45.6%
Cart Fees	\$95,329	\$97,185	\$108,270	\$69,994	\$89,132	12.8%
Driving Range	\$39,159	\$39,198	\$25,866	\$19,697	\$22,782	3.3%
Golf Cards/Passes	\$44,622	\$31,742	\$3,561	\$1,860	\$2,710	0.4%
Other Golf Revenue	\$4,369	\$18,680	\$5,404	\$3,405	\$4,405	0.6%
Clinic / School Revenue	\$57,623	\$66,177	\$50,352	\$42,951	\$46,652	6.7%
Dues Income / Monthly Dues	\$178,755	\$64,793	\$127,099	\$100,961	\$114,030	16.4%
Initiation / Annual Membership Fees	\$0	\$53,962	\$0	\$0	\$0	0.0%
Golf-Related Total	\$993,082	\$827,870	\$719,959	\$473,202	\$596,581	85.9%
<u>Other RedGate GC Revenues</u>						
Pro Shop Sales	\$102,089	\$70,816	\$44,069	\$24,156	\$34,112	4.9%
Food (Food & Soft Drinks)	\$80,629	\$66,526	\$43,125	\$25,579	\$34,352	4.9%
Beverages (Alcohol)	\$57,767	\$43,848	\$36,084	\$22,811	\$29,447	4.2%
Other F&B Revenue	\$3,157	\$755	(\$381)	\$13	(\$184)	0.0%
Miscellaneous Income and Discounts	\$5,263	\$6,834	\$2,534	(\$1,342)	\$596	0.1%
Total Other Revenues	\$248,904	\$188,780	\$125,431	\$71,217	\$98,324	14.1%
Total Facility Income	\$1,241,986	\$1,016,649	\$845,390	\$544,419	\$694,904	100.0%
Annual Change	-----	-18.1%	-16.8%	-35.6%	-----	-----
Estimated Revenue Per Round	\$34.53	\$32.14	\$26.14	\$22.59	\$24.63	-----
¹ 2018 year-end forecast						
Source: Billy Casper Golf, LLC & NGF Consulting (November 2018)						

RedGate Golf Course Average Revenue Analysis

The total average revenue per round at RedGate is projected to be \$22.59 for 2018, inclusive of all revenue sources as noted. Of the gross total, \$19.64 are golf-related revenues and the remaining \$2.95 in ancillary revenue (\$1.95 in F&B). These figures are 30% lower than just 2 years ago.

RedGate Golf Course Total Average Revenue per Round (2016 – 2018*)			
Year	2016	2017	2018*
Rounds	31,636	32,342	24,096
All Golf-Related Revenues	\$26.17	\$22.26	\$19.64
Golf Shop Merchandise	\$2.24	\$1.36	\$1.00
Food & Beverage	\$3.73	\$2.52	\$1.95
Total Facility Gross Revenue*	\$32.14	\$26.14	\$22.59
Source: Billy Casper Golf, LLC & NGF Consulting. *2018 is a projected year-end forecast			

RedGate Golf Course Expenses

The table on the following page shows the total operating expenses at RedGate GC by category since 2015. The expenses shown in the table do not include direct cost of goods sold (not an operating expense) or depreciation (not a cash item). The NGF has made these adjustments for appropriate comparison to benchmarks.

The figures have been organized by the appropriate categories based on function. The total labor amount pertains primarily to the golf operation and food & beverage operation only, while non-labor operating expenses includes items such as course supplies, repairs & maintenance, dues & subscriptions, office expenses and various fees (such as credit cards, etc.). The operating expenses for RGGC have been declining in recent years as BCG has attempted to spend to the level of facility revenues. The overall expense to operate RGC is lower than the expense average for public golf courses (\$1.1 million annually) in the nation.

Direct expenses for personnel are the largest for golf facility operations. The standard threshold for the ratio of personnel expenses to total expenses is between 50% and 60%, excluding cost of sales. For the operational category, RedGate labor expense will be about 49% for 2018 (compared to 44% in 2016). For the maintenance operation, labor will constitute about 57% for the projected 2018 year-end. The maintenance labor budget was approximately 54% of total maintenance expense in 2016. However, the labor budget is now 15% lower than in 2016 and it would be considered a minimal crew size.

NGF notes that Billy Casper Golf, LLC also charges RedGate GC an amount annually for BCG central charges to cover internal operating costs. Since the end of 2016, a significant percentage of these expenses have been removed from the RGGC operating budget, suggesting that BCG has been absorbing, or has eliminated, these internal service charges.

RedGate Golf Course Expense by Category 2015 through 2018¹

	2015	2016	2017	2018 ¹	2017-2018 Average
Clubhouse & Golf Operations					
Payroll-Related					
Golf Operation Labor	\$130,481	\$111,765	\$110,838	\$79,499	\$95,169
G&A Labor	\$68,425	\$71,855	\$46,115	\$52,816	\$49,466
Amenities Labor	\$45,993	\$53,525	\$35,839	\$2,919	\$19,379
F&B Labor	\$34,883	\$30,542	\$12,052	\$19,298	\$15,675
Sales and Marketing Labor	\$11,132	\$511	\$570	\$0	\$285
Payroll Taxes	\$41,887	\$34,674	\$27,278	\$23,157	\$25,218
Medical/Health Benefits	\$27,538	\$25,370	\$20,253	\$18,040	\$19,146
Workman's Comp	\$7,748	\$6,008	\$6,823	\$5,089	\$5,956
Total Direct Labor	\$368,086	\$334,249	\$259,769	\$200,817	\$230,293
Operational Expenses					
Golf Operations	\$77,387	\$70,788	\$39,373	\$36,100	\$37,737
General & Administrative ²	\$240,156	\$223,982	\$85,564	\$72,507	\$79,035
Food & Beverage	\$9,227	\$8,529	\$4,231	\$912	\$2,571
Amenities	\$6,213	\$4,462	\$657	\$614	\$636
Other Expense	\$0	\$0	\$0	\$0	\$0
Sales & Marketing	\$25,203	\$22,312	\$10,276	\$996	\$5,636
Golf Cart Leases	\$54,912	\$54,912	\$34,811	\$52,512	\$43,662
Equipment Leases	\$0	\$0	\$0	\$0	\$0
FF&E	\$0	\$0	\$0	\$0	\$0
Insurance - P&C	\$23,946	\$22,568	\$22,825	\$20,400	\$21,612
Taxes - Real Estate	\$11,947	\$13,532	\$22,353	\$16,888	\$19,620
Taxes - Personal Property	\$7,160	\$9,334	\$0	\$5,676	\$2,838
Taxes - Leasehold	\$0	\$0	\$0	\$0	\$0
Total Operational Expenses	\$456,151	\$430,419	\$220,090	\$206,605	\$213,348
Golf Course Maintenance					
Maintenance Labor	\$163,688	\$149,209	\$136,504	\$127,147	\$131,826
Payroll Taxes	\$4,793	\$3,489	\$2,613	\$2,301	\$2,457
Medical/Health Benefits	\$1,907	\$1,764	\$1,367	\$1,332	\$1,350
Workman's Comp	\$137	\$89	\$142	\$95	\$119
Maintenance	\$207,334	\$131,721	\$148,698	\$96,964	\$122,831
Total Course Maintenance	\$377,860	\$286,272	\$289,324	\$227,840	\$258,582
Total Facility Expenses	\$1,202,097	\$1,050,940	\$769,183	\$635,262	\$702,223
Annual Change	-----	-12.6%	-26.8%	-17.4%	-----

¹ 2018 year-end forecast

² G&A expenses include BCG central charges that cover internal operating costs. In 2017, these charges were reduced by BCG with excess reportedly absorbed by BCG.

Source: Billy Casper Golf, LLC & NGF Consulting (November 2018)

Review of Ancillary Operations (F&B Operation, Pro Shop & Driving Range)

In addition to green fees, passholder fees and cart fees, RedGate GC has ancillary revenue earned from the sale of food & beverages, golf shop merchandise and driving range revenues. Total ancillary revenue to the facility from these sources are expected to be approximately \$91,000 at the end of 2018 (compared to over \$151,000 last year). The NGF review of ancillary revenue at the RGGC follows below:

RedGate GC Food and Beverage Operation

The food and beverage operation at RedGate include only the clubhouse venue. As we understand, the facility does not operate an on-course beverage cart. The menu options are significantly influenced by the limited cooking / food preparation areas as well as the importance of minimizing the staff needed to operate this area. The menu includes mainly pre-made sandwiches, beverages (soda, beer, etc.) and several breakfast items (breakfast sandwiches, toast, bagels, etc.). Several menu items require some cooking (burgers, chicken fingers, etc.) but these items are available on a limited schedule. Alcoholic beverage sales will represent ~46% of total F&B revenue for 2018 (and 47% in 2017). Given the limited menu, the food items contribute a high percentage of F&B revenue. Since 2015, F&B revenue has declined by 65% and average revenue per round has also declined by almost 50%. The table below provides a summary of food and beverage operation at the RedGate Golf Course:

RedGate Golf Course Food and Beverage Operation							
Course	Basic Features	2018 Total Gross Revenue	2018 Revenue/ Round*	U.S. Std. Rev./ Round*	Direct Cost of Sales (COS)	COS % of Revenue	U.S. Std. COS*
RGC	Sandwiches, cold drinks & beer/wine liquor license	\$48,403	\$2.01	\$6.10*	\$14,940	30.9%	40%

*U.S. Standard for public 18-hole courses. \$/round based on total starts.

RedGate GC Merchandise Operations

RedGate GC has a modest selection of merchandise for sale for facility patrons (including men's & women's apparel, balls, gloves and hats). The total gross revenue for merchandise at RedGate will be approximately \$25,000 in 2018. Unfortunately, pro shop sales have been trending downward, with 2018 projected to be about 40% less than 2017 (and over 75% less than 2015). The projected 2018 pro shop volume equates to \$1.00 per round of golf, an amount that is about nearly 60% lower than the national "standard" for pro shop revenue at \$2.35 per round of golf. The projected cost of goods sold for 2018 will be ~70% and this is appropriate for most shops (but in 2017, the pro shop COGS was nearly 86% - perhaps this included the sell-off of discounted merchandise). A review of pro shop performance at RGC:

RedGate Golf Course Pro Shop Merchandise (2017 & 2018)			
	2017	2018	2017-18 Avg.
Total Pro Shop Income	\$44,069	\$24,156	\$34,113
Direct Cost of Merchandise Sold (COS)	\$37,788	\$16,689	\$27,238
Net Pro Shop	\$6,281	\$7,467	\$6,875
COS %	85.8%	69.1%	79.9%
Gross Pro Shop / Round	\$1.36	\$1.00	

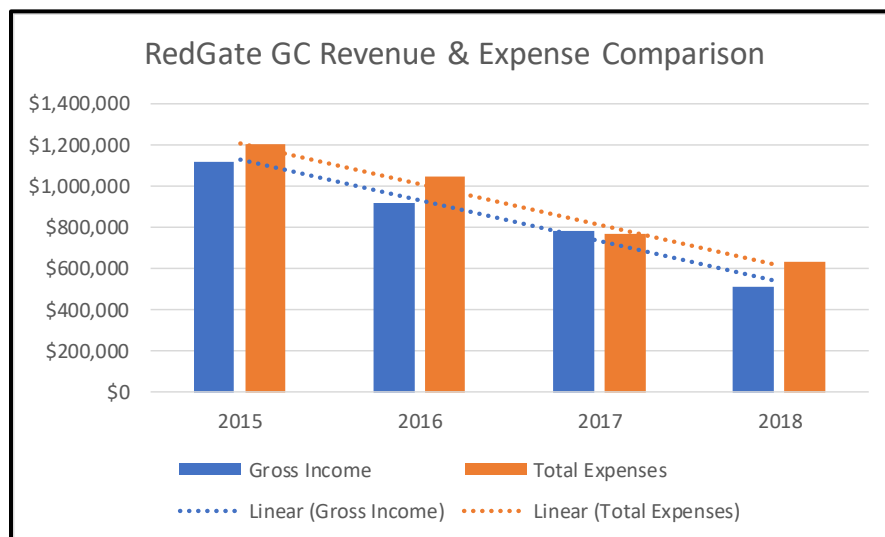
RedGate GC Driving Range Operation

For many public golf courses, the driving range can be a significant source of revenue if it has the appropriate characteristics. These key features typically include good quality turf (versus artificial mats), good golf balls, convenient accessibility to the parking lot/clubhouse, adequate size (perhaps 275 yards or more on length) and lighting. Unfortunately, the location and land allocation of the RedGate GC range has difficulty attracting golfers interesting in practicing as opposed to those simply warming up prior to a round of golf. Over the past two years, the Redgate range has generated revenue of approximately \$.80 per round (which is below the US average for public courses). Total range revenue for 2018 will be just under \$20,000 – this figure pales in comparison to some of the Montgomery County Revenue Authority courses (such as Falls Road GC that generated almost \$385,000 in range revenue in 2017).

The RedGate Golf Course Financial Summary

NGF's review of financial performance shows that RedGate GC generated \$845,000 in total revenue in 2017 and is projected to end 2018 at approximately \$545,000 in facility revenue (or a decline of about 35% from the previous year). For the 4-year period examined by NGF, RGGC has operated at a deficit for 3 of those years. The operating losses have ranged between (\$80,000) and (\$128,000), with the average facility loss for 2015 through 2018 at (\$80,000).

Billy Casper Golf has continued to reduce operating expenses at RGGC as the facility revenues have declined since 2015. These actions have certainly reduced the potential operating deficit but the facility conditions have continued to deteriorate. Since the NGF conducted our previous analysis in 2010 (when the course was still operated by the City) to present, there has been very minimal improvements or upgrades to the entire facility. At this point, we do not believe that there are additional expenses that can be reduced or eliminated and have RGGC remain operational. Below is a comparison of RedGate's revenues and expenses since 2015 (a continued downward path during this period) and an overall performance summary for the course.



RedGate Golf Course Summary of Performance 2015 through 2018¹					
					2017 - 2018
<u>Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018¹</u>	<u>Average</u>
Total Revenue	\$1,241,986	\$1,016,649	\$845,390	\$544,419	\$694,904
<u>less: Cost of Goods Sold</u>					
Total Cost of Sales	<u>\$119,178</u>	<u>\$94,214</u>	<u>\$64,945</u>	<u>\$31,629</u>	<u>\$48,287</u>
Gross Margin	<u>\$1,122,808</u>	<u>\$922,435</u>	<u>\$780,444</u>	<u>\$512,790</u>	<u>\$646,617</u>
<u>Expenses</u>					
Total Personnel Expenses	\$538,612	\$488,801	\$400,395	\$331,693	\$366,044
Golf Operations Expenses	\$456,151	\$430,419	\$220,090	\$206,605	\$213,348
Maintenance Expenses	<u>\$207,334</u>	<u>\$131,721</u>	<u>\$148,698</u>	<u>\$96,964</u>	<u>\$122,831</u>
Total Expenses	\$1,202,097	\$1,050,940	\$769,183	\$635,262	\$702,223
Facility Net Income	(\$79,289)	(\$128,505)	\$11,261	(\$122,472)	(\$55,605)
¹ 2018 year-end forecast					
Source: Billy Casper Golf, LLC & NGF Consulting (November 2018)					

SUMMARY – REDGATE GOLF COURSE

RedGate Golf Course is a well-known public facility in Montgomery County that has traditionally been supported by Rockville resident golfers seeking an affordable round of mid-quality golf. The course has been open for nearly 45 years and is very well-located in the City of Rockville. The course is convenient for Rockville residents, as well as others in the Maryland market north of Washington, DC. Road access to RedGate is good and the recent completion of the Intercounty Connector (an east-west toll road) has definitely improved this access. The course was City-operated from its opening until the end of 2011. Billy Casper Golf, LLC of Reston, VA took over operation and management of the course in early 2012 under a 10-year lease.

The RedGate GC offers a challenging golf layout due to the site topography and extensive tree cover throughout the property. However, the course conditions have continued to decline since the 2011 NGF analysis, and this has adversely impacted the course playability and marketability, likely contributing to a decline in rounds hosted and revenue. The maintenance conditions observed by NGF in October 2018 are a result of several factors, including insufficient maintenance budget, antiquated irrigation, severe overgrowth of the numerous trees on the property and inadequate maintenance equipment. Further, the course has not been upgraded or improved materially since its opening in 1974 – just repairs on an as-needed basis. This lack of investment in the course has created a significant list of necessary improvements that are required to make RGGC competitive in the public golf arena. At almost 45 years of age, virtually all course elements are beyond the life-cycle periods on many of the key infrastructure items (**Appendix A**). RGGC's primary competitors include the MCRA 9-course network that has been highly successful in offering a good quality product and they continue to make capital improvements annually under a long-term strategic plan.

As documented by NGF, RGGC is in decline as a golf facility for some time, and new investment in basic infrastructure is needed. Previously in this report, the NGF documented some \$2.9 to \$3.7 million in needed repairs and improvements that are required to keep the facility open and operating in a manner that would be appropriate and competitive in this market. The improvements recommended include investments in all functional areas of the operation (golf course, amenities, maintenance), with the most significant improvements including a new irrigation system, tree-trimming, cart path upgrades, tee box upgrades, drainage enhancements and improvements to maintenance facilities and equipment. These repairs and improvements will be necessary in the coming years to retain this golf property and keep it open and operating as a golf course.

The original vision for RedGate GC since 2012 (as articulated in the lease) was to include various capital improvements from the lessee. Some of these initial improvements included \$175,000 in upgrades (such as the outdoor deck off the clubhouse, improvements to the course &/or clubhouse, etc.), the acquisition of a new golf cart fleet (which was done) and an investment of \$150,000 to replace some of the aging maintenance equipment. Additionally, the BCG lease stipulated that starting in the 2nd year, BCG would pay 2.5% of gross facility revenues into an Annual Capital Improvement Fund. This money was to be used for repairs, improvements and replacements based on an established annual capital improvement plan. Unfortunately, the revenue earned at RedGate was well below projections, which led to many of these planned improvements to not be completed. Further, an amendment to the original lease (2013) was needed to provide BCG with financial relief for some of their obligations as well as trying to identify an alternative water source for irrigation purposes in conjunction with City.

Operationally, RGGC has been experiencing a decline in every key metric over the past 4 years. In spite of the programs and efforts utilized by BCG, RedGate GC is in a very challenging position. Some of the key metrics that have been declining since 2015 include:

- Rounds are down 33% (from 36,000 rounds in 2015 to about 24,000 rounds in 2018)
- Total facility revenues are down 56% (from \$1.24 million in 2015 to \$545,000 in 2018)
- Total average revenue per round, pro shop revenue per round and F&B revenue per round are down by 65%, 49% and 35%, respectively

In order to maintain economic performance, BCG implemented significant cost-cutting measures to match declining revenue, essentially reducing all expenses to align with revenue. Unfortunately, the facility is being operated with a minimal staffing level and the on-going expenses have been trimmed to the point there is virtually nothing remaining to additional reductions. These expense reductions are likely contributing to the lessened condition and service levels observed by NGF in 2018.

RedGate no longer has the physical condition or the amenities that would allow significant increases in dues and fees. Hence, a high percentage of RGGC players are long-time residents of the area who are loyal to the course (along with the friends in their golf group) and the value segment – this is especially true for the golfers who purchase the annual pass cards.

Our review of the RedGate GC reflects a course and related amenities that are at a crossroads in terms of the ongoing economic viability. In its current condition, the course will continue to generate significant operating deficits, as the RGGC asset needs major improvements to be considered a factor in this golf market.

External Factors Affecting the Operation of RedGate GC

In this section of the report, NGF will provide a summary of important external factors that have direct effect on the operation of RedGate Golf Course. This includes a review of local demographics and the economy, national golf industry trends, and a specific estimate of golf demand in the Rockville market. NGF will also provide a review of other golf courses in the market area that compete with RGGC for market share. We will then provide a summary of these factors and how they relate to the continued operation of the RGGC.

DEMOGRAPHICS, ECONOMY AND WEATHER

The subject RGGC is located in Rockville at the center of Montgomery County, approximately 15 miles north of downtown Washington, D.C. The City is an important bedroom community for Washington, but also has its own commercial and cultural dynamic. Montgomery County as a whole is one of the most affluent counties in the U.S., and includes many major U.S. government offices, scientific research and learning centers, and business campuses, all of which provide significant economic activity in the County. Given this basic characteristic, it is expected that the continued operation of a public golf facility in Rockville will be supported by the resident and business community, if the golf course product was appropriate.

Demographic Analysis – Local Permanent Residents

The table in **Appendix B** summarizes key demographic measures of population, income and other trends that relate to golf participation. The table below provides a summary of key demographic and golf demand measures for various market rings around the subject RGGC, Montgomery County, the State of Maryland and the total U.S. A summary follows:

Market Data Comparisons 2018					
RedGate GC	5-Mile Radius	10-Mile Radius	Montgomery County	State of Maryland	Total U.S.
Population Est. 2017	328,780	969,104	1,054,279	6,051,283	324,310,011
Population 2022 Proj.	346,795	1,023,649	1,113,124	6,226,636	337,744,388
Med. HH Income (2017)	\$101,628	\$108,699	\$108,959	\$81,880	\$59,240
Median Age (2017)	39.7	39.6	39.2	38.7	38.1
Household Participation Index*	87	85	85	71	100
Number of Golfers	26,522	76,520	82,947	405,438	23,832,510
Rounds Potential (res.)	335,054	726,628	828,539	5,187,224	455,965,500
Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. N/A = not available * Golfing Household Participation Index: Based off of the estimated number of golfing households, this measure compares the golfing household participation rate in a particular geography to the national average golfing household participation rate index of 100					

- The local market around RGGC shows a large population, with over 328,000 residents within five miles in 2017. The area is characterized by household incomes that are significantly higher than the total U.S., along with a median age that is slightly higher than the country overall. In all, the age and income demographics tend to coincide with higher golf participation, although actual participation may be constrained somewhat by pressures of time availability and lack of strong tradition in the game.

- The NGF estimates there are a total of just under 83,000 golfers potentially demanding over 828,000 rounds of golf annually (9.9 rounds per golfer per year) in Montgomery County. It is expected that this golf demand would be serviced by the golf facilities available for use in this and other nearby counties.
- The local market around RGGC shows generally lower-than-average golf participation and rounds demand. Some of this may be related to the shorter golf season in the area, along with time pressures as noted (work, travel, traffic, etc.). Combined with the large resident population, it is clear that the RGGC will need to attract its share of local resident golfers to generate the rounds and revenue needed to sustain operations.

Key Economic Factors

Interviews with area golf operators and NGF data suggests that the recession of 2009-2012 had direct and lingering effects on the demand for golf both nationally and regionally, as decreased discretionary income and other economic factors resulted in reductions in recreational / leisure spending. Below is a brief summary of factors specific to the local Rockville and Montgomery County area economy that have the potential to affect demand for golf in 2018 and beyond.

- The greater Washington D.C. area is currently in the midst of a booming economy, including a steady procession of development projects extending into Montgomery County. Rockville, along with neighboring Gaithersburg and Bethesda, is at the core of the Interstate-270 Technology Corridor which is home to numerous software and biotechnology companies as well as several federal government institutions. Rockville also has several upscale regional shopping centers and is one of the major retail hubs in Montgomery County.
- The Census update estimates that the population of Montgomery County was 1,054,279 in 2017, an 8.5% increase since 2010. The increase continues a growth trend that has seen a 39% increase in County population since 1990. According to data from 2010, commuters from area suburbs (like Rockville and Montgomery County) increase the daytime population in Washington, DC to over one million people. The Washington Metropolitan Area, which includes D.C. and surrounding suburbs, is the 7th largest metro area in the U.S. with well over 6 million+/- residents in 2017.
- Montgomery County has a growing, diversified economy with an increasing percentage of professional and business service jobs. The County is an important business and research center and is the epicenter for biotechnology in the Mid-Atlantic region with the third largest biotechnology cluster in the U.S. Biomedical research is carried out by institutions including Johns Hopkins University's Montgomery County Campus (JHU MCC), and the Howard Hughes Medical Institute (HHMI). Federal government agencies engaged in related work include the Food and Drug Administration (FDA), the National Institutes of Health (NIH), the Uniformed Services University of the Health Sciences (USUHS), and the Walter Reed Army Institute of Research.
- Tourism is Washington DC's second largest industry, with potential spill-over in Montgomery County. Approximately 20.2 million visitors contributed an estimated \$6.8 billion to the DC area economy in 2014. The District also hosts nearly 200 foreign embassies and international organizations such as the World Bank and the International Monetary Fund, and the foreign diplomatic corps employs about 10,000 people in Washington. These visitors have the potential to impact public golf operations in the region, including golf courses in Rockville and Montgomery County.

- There are many large employers in the Rockville / Montgomery County area that can impact golf demand as candidates for outings, events and charity golf tournaments. Among the largest employers in the area are Montgomery County, Montgomery County Schools, Lockheed Martin and Westat, all in Rockville with over 2,000 employees, and the U.S. Departments of Health and Human Services, Commerce and Defense Departments and several other major non-governmental employers in Montgomery County (Adventist Health, Marriott International and Verizon).
- In November 2017, the Montgomery County Council unanimously approved legislation to increase the minimum wage to \$15 by 2021 or 2023 (based on the number of employees). All wage increases go into effect on July 1 of each year. The new minimum hourly wage of \$15.00 will be approximately 18% to 20% higher than the current 2018 rate. This wage increase will have a significant impact on mid-size and large area business as they will likely reassess their internal structure and the number of employees they can afford to retain.
- The transportation infrastructure in Rockville and Montgomery County is sufficient to support continued public golf operations at the RGGC site. As golf activity is primarily driven by auto transportation, access to a strong roadway system is important to golf facilities and RGGC is accessible by major arterials in the area. Rockville is served by two major highways – I-270 and Intercounty Connector (200) – plus an adequate supply of surface arterials. However, the NGF notes heavy traffic congestion in immediate proximity to RGGC, with over 48,000 cars per day at the E. Gude Dr / Norbeck Rd intersection, close to RedGate GC, possibly limiting non-local golf demand.

Climate

As with any outdoor recreation, weather will have impact on golf participation. NGF data estimates that almost all golf is played with temperatures between 50- and 90-degrees Fahrenheit. The data suggests that golf in Rockville can be played year-round in an abnormally warm year, but that the area is essentially an 8 to 9-month golf market. With an average of ± 36 inches of precipitation a year, this golf market is prone to a reduction in playable hours/days. The following table presents a summary of monthly weather data for Rockville based on 50-year recorded trends:

Climatological Data Rockville, MD					
Month	Temperatures			Precipitation Inches	Avg. Length of Day (Hrs.)
	Average	High	Low		
Annual	49.4	58.7	40.1	35.6	125
January	22.2	29.8	14.7	1.7	11
February	26.5	34.3	18.7	1.6	9
March	37	45.7	28.4	2.6	12
April	48.8	58.8	38.7	3.5	12
May	59.1	70	48.2	3.5	11
June	68.7	79.6	57.8	3.8	10
July	73.4	83.7	63.2	3.6	10
August	72.1	82	62.3	4.3	9
September	64.6	75	54.2	3.5	9
October	52.8	62.8	42.7	2.7	10
November	40.1	48.2	32	2.7	11
December	27.4	34.6	20.2	2.2	11

Source: Weatherbase.com, Rockville, MD

GOLF MARKET SUPPLY AND DEMAND INDICATORS

National Golf Industry Overview

Despite the significant negative press, the golf industry remains healthy and golf continues its macro trend toward stabilization in 2018. Considering the severity of the most recent recession and its lingering effects on discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 attribute the gradual decline in golfers and rounds since peak participation primarily to the impact of lower job security and concern over personal finances, **not waning appeal for the game**. Total spending on golf and club memberships will always be vulnerable to outside forces such as the economy, but the game remains popular and is fortunate to have a deep well of interested prospects. Some findings from NGF:

- **Participation** - The national golfer number (participation) continues to show some net attrition, primarily among occasional/less committed golfers. Overall, NGF research indicates 23.8 million people in the U.S. that played at least one round of golf in the prior year, about ±900,000 fewer than in 2013. However, the vast majority of “core” golfers remain in the game. This compared to the reported declines in rounds at RGGC, suggesting this facility’s performance is more severe than the recent activity trend.
- **Golf Course Supply** - The correction in golf course supply continued in 2017 at a level comparable with previous years, falling 1.5% (205.5 18-hole equivalent permanent closures and 15.5 18HEQ new openings). According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of golf courses equivalent to 7%. For perspective, golf supply grew by 44% in the previous 20 years (1986-2005). NGF data shows some decrease in the Rockville market, with a reduction of 27 holes in Montgomery County since 2009, including closures at Montgomery Village and Trotters Glen in 2014 – both assumed to have closed for economic reasons.
- **Rounds Played 2017-2018** – Nationally, 456 million rounds of golf were played in 2017, representing a -2.7% decrease year-over-year. In Maryland, the results were comparable, with the state recording a decrease of -2.7% for the year 2017, with a slight decrease in the Washington, DC market (includes Rockville) of -1.6%. YTD through September 2018 national rounds are down -3.3%, and Maryland has been hit particularly hard with a -13.7% decrease reported, and -12.2% in Washington, DC through the end of September 2018. (data source: Golf Datatech – see **Appendix C**).
- **Looking Ahead - Baby Boomer Effect** – As Baby Boomers age and retire over the next 15 years; we expect to see a measurable increase in total rounds played in the U.S. Boomers - born between 1946 and 1964 - are currently 53 to 72 years old. About 6 million of them are golfers; that’s about 1/4 of all golfers, and they currently play about 1/3 of all rounds. Boomers started turning 65 in 2011, and already 1 million+ golfing Boomers have reached retirement age. The Social Security Administration reports that 10,000 or more Boomers retire every day. And ~300,000 Boomer golfers will turn 65 each year for the next 15 years. Retired Boomers (age 65+) play about twice as much as younger, non-retired Boomers (40 rounds vs. 21 rounds).

Other Measures of Health

Other perhaps equally important metrics to consider when measuring the health of golf include:

- **Investment in Facilities:** Investment in major renovation projects has replaced new construction as the largest source of U.S. golf course development activity. NGF tracked just under 1,000 major renovations completed since 2006, representing at least \$3 billion. New development activity also remains in the pipeline, with NGF tracking 37 facilities currently under construction and another 55 in planning stages.
- **Engagement:** Several years ago, NGF developed a scale to gauge engagement/passion for golf. NGF annual golfer survey research indicates that the number of engaged golfers has remained steady at 20 to 21 million for the past four years. These engaged golfers are responsible for ±95% of rounds played and equipment spending. Those more engaged are significantly more likely to continue playing.
- **Increasing Diversity:** The junior golf population remains relatively stable at 2.9 million and continues to show a transformation in diversity. One-third of golfers age 6-17 are females, up from 17% in 1995 (in sum, 24% of all golfers are women). Also, 27% of junior golfers are non-Caucasian, up from only 6% in 1995. A similar trend is observed among young adult (18-34) or Millennial golfers, of which 29% are female and 24% non-Caucasian. The highest diversity is among beginning golfers, at 34% female and 32% non-Caucasian.
- **Beginners:** The number of beginners rose to a record 2.5 million in 2016, surpassing the record set in 2000 when Tiger Woods was in his prime and drawing newcomers to the game in unprecedented numbers. Since 2011, the compound annual growth rate (CAGR) in beginners is an impressive 10.8%.
- **Off-Course Participation:** Driven primarily by the popularity and growth of Topgolf, a non-traditional form of golf entertainment, there were an estimated 20 million off-course (involves only those activities that involve hitting a ball with a golf club) participants in 2016, about 40% of whom did not play on a golf course.
- **Latent Demand:** Overall interest in playing golf remains very high. NGF survey research indicates that the number of non-golfers who say they are “very interested” in taking up golf has doubled over the last five years to 12.8 million people.

Market Definition – Primary and Secondary Trade Areas

For purposes of the market analysis, NGF has defined the primary trade area for the RGGC as a 5-mile radius around the site, with a secondary trade area as the entire Montgomery County market. In reality, NGF believes that the vast majority of play at RGGC comes from Rockville residents and other nearby County residents and the rest from area visitors who reside beyond these markets (DC region). The NGF expects that the RGGC facility could broaden its effective market if the course is improved and upgraded as proposed by NGF (more later in this report).

Local Golf Demand

The following are some summary NGF observations regarding key golf demand measures for the local golf market. Please see the supporting tables in **Appendix B**.

- NGF estimates that there are at least 26,500 golfers living within five miles of RGGC, and over 76,500 golfers living within 10 miles of RGGC in 2018.
- NGF estimates that resident golfers could demand about 335,000 annual rounds of golf in the 5-mile market and upwards of 726,600 in the 10-mile market around RGGC. In

Montgomery County overall, NGF estimates demand potential of over 828,500 rounds of golf annually, to be distributed over all (public and private) courses. This equates to approximately 28,100 rounds per 18 holes in the market, roughly 90% the total U.S. average of 30,900+/- rounds per 18 holes.

- The golf demand indices for the local 5-mile and 10-mile markets around the RGGC indicate golf participation and rounds demanded rates that are about 15% lower than U.S. benchmarks, indicating a smaller proportion of golfers in Rockville. However, this finding is mitigated by two key factors that impact Rockville golf performance: (1) the weather and generally shorter golf season; and (2) the significant time constraints resulting from work demands and longer commute times.
- **Latent Demand** - People who express an interest in playing golf but have not yet started include former golfers and those who have never tried. The demographic profile of latent demand tends to be more female and younger than the population as a whole. Surveys show these golf-interested non-golfers cite several barriers to entry, including the cost and social aspects (no one to play with). The latent demand population is comparable to the golfer population, and NGF estimates as many as 142,000 interested non-golfers in Montgomery County. Given golf's tenuous participation situation, all golf courses should have programming aimed at "onboarding" prospective new golfers).

Other Demand Drivers

Supplementing golf demand from permanent residents are: (1) The area's many large corporate and public employers; and (2) Visitors to the Rockville area. NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing 0.557 rounds per day of travel. Though RGGC as presently situated would capture only a small proportion of these incremental rounds from visiting golfers, supplemental play from visitors drawn by a strong marketing program (e.g., through hotel tie-ins and other offerings) could be an important element in making RGGC financially viable, assuming the quality was appropriate (more later in this report).

Local Golf Supply

Montgomery County is home to 27 total golf facilities, including 10 public and 17 private clubs. This shows how the golf market in this area is dominated by private golf clubs. Of the 10 public facilities, nine are municipally owned and only one is privately owned (daily fee). The NGF counts only one of the 10 public golf facilities (Sligo Creek) at the NGF-defined 'Value' price point (peak riding rates under \$40), with four at a 'Standard' price (\$40-\$70), and the remaining five in the 'Premium' segment (over \$70). This suggests a relatively expensive golf market compared to the total U.S., where 53% of all public courses in the country are 'value' (only 10% in this market).

Unlike many other parts of the US, there has been very limited new course development in Montgomery County since 2000. The most recent course opening was Blue Mash Golf Course opened in 2001. Between 1950 and 1975, there were 12 new golf facilities developed in the area, representing almost half of the courses in the county, with another six facilities opened between 1975 and 2000. Hence, over 65% of the facilities in Montgomery County opened between 1950 and 2000, reflecting a mature golf market. Since 2009, there have been two golf facility closures (Trotters Glen and Montgomery Village), representing about 4.8% of current existing supply (the U.S. has seen the net closure of about 4.6% of supply since 2009). Many golf courses shutter due to competitive dynamics; increasingly, however, golf courses – especially in geographies where developable land is at a premium – are closing because residential or commercial is a much "higher and better use". This phenomenon has certainly been occurring in Montgomery County, as noted course closures since 2000 were to be re-developed as new residential communities. Two

other courses, Indian Spring GC in 2007 and White Oak GC in 2005 have closed in the area prior to 2009. The NGF database shows no new golf courses either in planning or under construction in the local Rockville market area

Ratio analysis based on national benchmarks shows that the local 10-mile market area around RGGC has a comparable supply ratio to the national benchmark, with approximately 12% more households per 18 holes in the RedGate market (Index = 112).

The following table displays data showing the relative supply of golf courses in the various defined market rings and Montgomery County overall. The supporting tables in **Appendix B** provide additional statistics on area golf course supply.

Rockville Area Golf Course Supply within Defined Markets and Montgomery County									
	# Facilities	Total Public Facilities	# of Premium Facilities (> \$70)	# of Standard Facilities (\$40-\$70)	# of Value Facilities (< \$40)	# of Private Facilities	Total Holes	Total Public Holes	Total Private Holes
5 Mile Radius	10	3	2	1	0	7	216	72	144
10 Mile Radius	24	8	5	2	1	16	477	153	324
Montgomery County	27	10	5	4	1	17	531	189	342

Golf Course Market Supply / Demand Summary

Using the most basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply ("potential growth market"); (2) favorable demand and unfavorable supply ("active"); (3) unfavorable demand and favorable supply ("inactive"); and (4) unfavorable demand and unfavorable supply ("saturated"). The review of data for the greater Rockville area suggests an "inactive" market, with generally unfavorable demand ratios and slightly favorable supply ratios.

Golfers per 18 holes

NGF has also evaluated the relative strength of the Rockville golf market with a comparison to a national "threshold" of golfers per golf course within 10 miles of a golf course. In its 2009 publication *"The Future of Public Golf in America,"* NGF hypothesized that the best predictor of a public golf course's success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as a key target for projected financial stability. As shown in the table below, RedGate GC is in a 10-mile market that has fewer golfers per golf course than the identified target, with both the local 10-mile market and Montgomery County as a whole showing about 2,800-2,900 golfers per golf course, about 70% of the identified target (4,000 golfers per golf course). This data lowers the chance for successful golf operations, all other factors being equal. The importance of this metric is mitigated somewhat in markets with a high annual influx of visiting golfers, but further stresses the importance of continued support from non-resident golfers.

10-mile Rings	Est. No. of Golfers	Total 18-H Equivalent	Golfers per 18 holes
Total U.S. "Target" for Successful Public Golf			4,000
RedGate GC	76,520	26.5	2,887
Montgomery County Overall			2,811
Source: National Golf Foundation			

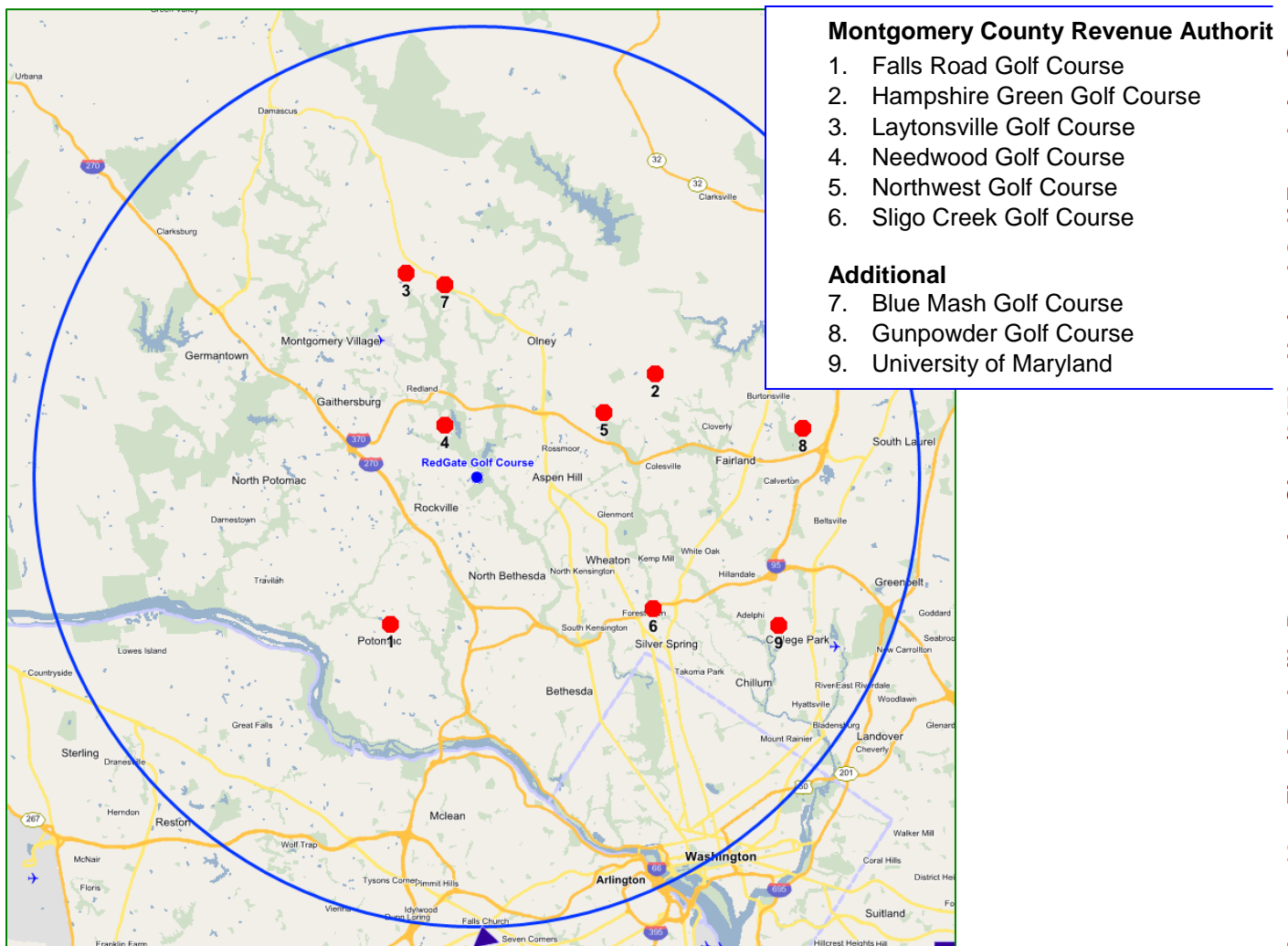
LOCAL COMPETITIVE GOLF MARKET

NGF has analyzed the public access golf market in the Rockville, Maryland market area, with particular emphasis on determining the current position of RGGC as a public-access golf course, and prospects for sustaining and/or building market share in the future. On the following pages, we list operating information for a group of selected competitive golf facilities within a 15-mile radius from RedGate GC. This list was not meant to be totally exhaustive or to account for all of the potential public golf competition to RGGC, but rather, to offer a frame of reference in evaluating actual performance of the subject as compared to other golf facilities noted by RGGC staff and golfers in the NGF survey as key competition.

The bulk of the municipal courses in this market are operated by the Montgomery County Revenue Authority (MCRA), and these facilities are easily the top competitors to RedGate GC. MCRA operates a total of nine (9) facilities with six (6) of their properties within the 15-mile radius from RedGate. The map below identifies the location of the competitive courses relative to RedGate and the MCRA facilities. We will discuss the MCRA golf operation in greater detail later in this section.

Competitive Public Access Golf Facilities Map

The map below shows the relative locations of the facilities selected as comparable to the RGGC.



Summary Information

The following tables provide summary information for the RedGate Golf Course and the primary competitors in the local market area.

RedGate GC Public Golf Market Facilities (15-mile Radius) – Summary Information						
Public Golf Courses	Location	Type	Year Open	Par / Slope	Back Tee / Forward Tee	Location Relative to RedGate GC*
RedGate Golf Course	Rockville	18H MU	1974	71 / 129	6,458 / 5,271	--
Needwood Golf Course	Derwood	27H MU	1972	70 / 122	6,246 / 4,586	2 mi N
Northwest Golf Course	Silver Spring	27H MU	1964	72 / 122	7,376 / 5,006	5 mi NE
Falls Road Golf Course	Potomac	18H-MU	1962	70 / 126	6,162 / 4,457	5.5 mi SW
Blue Mash Golf Course	Laytonsville	18H-DF	2001	71 / 134	6,885 / 4,966	6.5 mi N
Hampshire Greens Golf Course	Silver Spring	18H MU	1999	72 / 131	6,815 / 5,048	7 mi NE
Laytonsville Golf Course	Laytonsville	18H MU	1973	71 / 123	6,390 / 4,943	7 mi N
Sligo Creek Golf Course	Silver Spring	9H MU	1956	69 / ---	4,686 / 4,060	7.4 mi SE
Gunpowder Golf Club	Laurel	18H DF	1955	70 / 110	6,061 / 4,710	11.1 mi E
Univ of Maryland Golf Course	College Park	18H MU	1955	71 / 137	7,015 / 5,090	11.3 mi SE
*Air miles from subject site, rounded to half-mile; actual driving distances will likely be greater. Type: DF – Daily Fee; MU – Municipal						

Market Area Rounds and Fee Information

Found below is information regarding the fee structure at the public facilities within 15 miles of RedGate GC. The 1st chart reflects the peak season rate for green & cart fees as well as the number of rounds played in 2017 (to show the last complete year). The next chart shows the various membership / season pass options available at these facilities.

Summary Peak Season Green Fees - RedGate Golf Course and Other Public Courses (15-Mile Radius)¹					
	2017 Rounds Played	18-Hole Weekday Morning	18-Hole Weekday Twilight	18-Hole Weekend Morning	18-Hole Weekend Twilight
RedGate Golf Course	32,342	\$38.00²	\$24.00²	\$54.00²	\$34.00²
Needwood Golf Course ³	67,384	\$50.99	\$30.99	\$69.99	\$30.99
Northwest Golf Course ³	65,565	\$50.00	\$32.00	\$75.00	\$32.00
Falls Road Golf Course ³	54,736	\$50.99	\$34.99	\$74.99	\$34.99
Blue Mash Golf Course	25,000 ⁴	\$69.00	N/A	\$94.00	N/A
Hampshire Greens Golf Course ³	37,215	\$49.99	\$29.99	\$74.99	\$29.99
Laytonsville Golf Course ³	48,101	\$43.00 ⁵	\$25.00	\$63.99	\$25.00
Sligo Creek Golf Course ³	24,400	\$28.00	\$24.00	\$30.00	\$24.00
Gunpowder Golf Club	35,000 ⁴	\$32.00	\$26.00	\$42.00	\$32.00
Univ of Maryland Golf Course	38,000 ⁴	\$55.00	\$40.00	\$70.00	\$50.00
¹ All rates include golf cart ² Senior rates are \$4 to \$8 lower per round ³ Denotes a MCRA-operated (Montgomery County Revenue Authority) facility – the prices shown are published rates but they utilize a dynamic pricing model ⁴ NGF Consulting estimate ⁵ "Member For A Day Promotion" - Rate includes green & cart fee, continental breakfast, lunch and free replays					

Season Passes & Membership Offerings – RedGate Golf Course Primary Competitors						
		5-Day (Walking / Riding)		7-Day (Walking / Riding)		
Golf Facility	Number of Members	Single	Couple	Single	Couple	Juniors
RedGate Golf Course	74	\$800 / \$1,200	--- / ---	\$1,600 / \$2,000	--- / ---	\$799
MCRA Membership Options						
-Standard Membership ¹	650	\$1,199 / ---	--- / ---	\$2,295 / ---	--- / ---	None
-Frequent Players Pass ²	1,000	--- / ---	--- / ---	\$249 / ---	--- / ---	-----
-Player's Pass ³	1,900	--- / ---	--- / ---	\$40 / ---	--- / ---	-----
-Needwood GC Players Club ⁴	300	--- / ---	--- / ---	\$720 / ---	--- / ---	-----
Blue Mash Golf Course ⁵	50 ⁶	\$1,900 / ---	\$2,900 / ---	\$2,200 / ---	\$3,200 / ---	\$495
Gunpowder Golf Course	80	--- / ---	--- / ---	\$1,200 / ---	\$1,500 / ---	-----
Univ of Maryland Golf Course ⁷	250	\$1,900 / ---	\$2,725 / ---	\$2,500 / \$3,650	\$3,750 / \$5,475	-----
¹ 20% off cart fees; ² 20% off green & cart fees; ³ 10% off green & cart fees; ⁴ Discounted green & cart fees and unlimited range balls; ⁵ NGF Consulting estimate; ⁶ Blue Mash also offers pre-paid green & cart fee option: 30 rounds for \$1,410 & 60 rounds for \$2,580; ⁷ Faculty & staff receive membership discounts of 15% to 25% depending on the category.						

The membership offering at RedGate GC includes access to 4 other Billy Casper Golf-managed facilities in the general area. However, local traffic likely impacts the frequency of visiting the other properties due to the general distance from Rockville - the Dulles & Reston area is ~18 miles from RedGate on a direct line, while Upper Marlboro is nearly 30 miles away and Triangle, VA is more than 40 miles away.

A MCRA membership provides golfers with access to all 9 MCRA courses throughout the area. This competitive advantage will be discussed in the next section.

Montgomery County Revenue Authority (MCRA) Golf Network

The Montgomery County Revenue Authority (MCRA) was established in 1957 as a public corporation. The two primary activities of MCRA are to operate self-supporting facilities and to finance public facilities. They operate a golf system that includes nine (9) public courses and the Montgomery County Airpark. The MCRA golf system is operated under the *MCG* flag and this serves as the brand for the nine courses. Listed below is a summary of the MCRA golf courses:

<u>Course</u>	<u>Location</u>	<u>Holes</u>	<u>Year Opened</u>	<u>Structure</u>
Falls Road GC	Potomac	18	1962	MCRA-owned
Hampshire Greens GC	Silver Spring	18	1999	MCRA-owned
Laytonsville GC	Laytonsville	18	1973	MCRA-owned
Little Bennett GC	Clarksburg	18	1994	Leased facility ¹
Needwood GC	Derwood	27	1972	Leased facility ¹
Northwest GC	Silver Spring	27	1964	Leased facility ¹
Poolesville GC	Poolesville	18	1960	MCRA-owned
Rattlewood GC	Mount Airy	18	1995	MCRA-owned
Sligo Creek GC	Silver Spring	9	1956	Management contract ¹
¹ Course is owned by the Maryland – National Capital Park & Planning Commission				

As the operator of nine municipal golf courses in this part of Maryland, MCRA is the dominant force for public golf in this area. There are few other park systems or municipalities in this region that control more courses under one umbrella and this creates a significant competitive advantage for MCRA over the City of Rockville and RedGate GC. The membership or season pass model used by MCRA allows access to all their properties – this amount of variety is a significant benefit to their golfers - the MCRA management team refers to this as *The Power of 9*). While the RGGC membership allows access to four other BCG-managed facilities, the geographic proximity is not nearly as convenient as the MCRA offering.

As part of our due diligence process in conducting this analysis, NGF Consulting was able to meet with the Montgomery County Revenue Authority CEO and several key staff members. The MCRA management team was able to provide NGF with valuable insight about their overall golf operation, performance and the unique attributes of their system. Over the past 10 years, the MCRA courses have shown growth in the key metrics – rounds, revenue and net operating income. Further, their structure allocates 4.5% of the total system revenue annually for on-going capital improvements. Part of these improvements include the rotation of the cart fleet at one course annually and replacement with a new fleet (which are purchased at a cost of approximately \$200,000).

On the following page is a performance summary of the MCRA courses from 2014 to present (through September 2018):

Montgomery County Revenue Authority (MCRA) Golf Facilities Performance Information - 2014 through Sept 2018						
<u>Rounds Played</u>	<u>YTD 2014</u>	<u>YTD 2015</u>	<u>YTD 2016</u>	<u>YTD 2017</u>	<u>YTD 2018¹</u>	<u>CAGR 2014 - 2017</u>
Falls Road GC	53,147	53,708	52,258	54,736	38,972	1.0%
Laytonsville GC	41,800	44,881	44,392	48,101	34,727	4.8%
Poolesville GC	28,746	28,635	25,233	24,918	18,799	-4.7%
Rattlewood GC	30,395	32,476	32,513	35,632	26,577	5.4%
Hampshire Greens GC	32,001	33,550	35,257	37,215	28,432	5.2%
Sligo Creek GC	25,170	27,357	25,635	24,400	16,317	-1.0%
Needwood GC	56,803	64,399	62,330	67,384	47,064	5.9%
Northwest GC	58,989	61,437	61,691	65,565	43,329	3.6%
Little Bennett GC	<u>26,565</u>	<u>28,542</u>	<u>31,450</u>	<u>34,611</u>	<u>26,358</u>	<u>9.2%</u>
Total	353,616	374,985	370,759	392,562	280,575	3.5%
<u>Facility Revenue</u>	<u>YTD 2014</u>	<u>YTD 2015</u>	<u>YTD 2016</u>	<u>YTD 2017</u>	<u>YTD 2018¹</u>	<u>CAGR 2014 - 2017</u>
Falls Road GC	\$3,099,899	\$3,231,348	\$3,128,346	\$3,165,954	\$2,452,061	0.7%
Laytonsville GC	\$1,638,340	\$1,726,466	\$1,687,681	\$1,849,850	\$1,322,262	4.1%
Poolesville GC	\$1,110,372	\$1,145,632	\$1,029,811	\$1,003,855	\$756,896	-3.3%
Rattlewood GC	\$1,272,820	\$1,371,847	\$1,374,840	\$1,484,280	\$1,161,449	5.3%
Hampshire Greens GC	\$1,585,219	\$1,677,114	\$1,731,073	\$1,792,647	\$1,434,358	4.2%
Sligo Creek GC	\$596,559	\$671,613	\$665,706	\$640,541	\$472,851	2.4%
Needwood GC	\$2,074,756	\$2,266,830	\$2,159,469	\$2,317,481	\$1,741,124	3.8%
Northwest GC	\$2,398,322	\$2,473,351	\$2,397,968	\$2,490,043	\$1,815,409	1.3%
Little Bennett GC	<u>\$1,309,181</u>	<u>\$1,367,672</u>	<u>\$1,500,806</u>	<u>\$1,555,503</u>	<u>\$1,259,298</u>	<u>5.9%</u>
Total	\$15,085,468	\$15,931,873	\$15,675,700	\$16,300,154	\$12,415,708	2.6%
MCRA Golf NOI	\$542,583	\$592,287	\$890,711	\$979,044	-----	21.7%
<u>Average Rev / Round</u>	<u>YTD 2014</u>	<u>YTD 2015</u>	<u>YTD 2016</u>	<u>YTD 2017</u>	<u>YTD 2018¹</u>	<u>CAGR 2014 - 2017</u>
Falls Road GC	\$58.33	\$60.17	\$59.86	\$57.84	\$62.92	-0.3%
Laytonsville GC	\$39.19	\$38.47	\$38.02	\$38.46	\$38.08	-0.6%
Poolesville GC	\$38.63	\$40.01	\$40.81	\$40.29	\$40.26	1.4%
Rattlewood GC	\$41.88	\$42.24	\$42.29	\$41.66	\$43.70	-0.2%
Hampshire Greens GC	\$49.54	\$49.99	\$49.10	\$48.17	\$50.45	-0.9%
Sligo Creek GC	\$23.70	\$24.55	\$25.97	\$26.25	\$28.98	3.5%
Needwood GC	\$36.53	\$35.20	\$34.65	\$34.39	\$36.99	-2.0%
Northwest GC	\$40.66	\$40.26	\$38.87	\$37.98	\$41.90	-2.2%
Little Bennett GC	<u>\$49.28</u>	<u>\$47.92</u>	<u>\$47.72</u>	<u>\$44.94</u>	<u>\$47.78</u>	<u>-3.0%</u>
Total	\$42.66	\$42.49	\$42.28	\$41.52	\$44.25	-0.9%

¹ 2018 figures include January through September

Source: Montgomery County Revenue Authority (November 2018)

As illustrated above, the compound annual growth rate (CAGR) for total rounds, total revenue and net operating income has been growing (especially the NOI). The average revenue per round metric has shown some modest decreases between 2014 and 2017 – this is a result of the rounds played growing more quickly than total revenues. For 2018, the numbers will be down from previous years due to the excessive spring rains that has impacted the number of playable days and the adverse course conditions that have plagued most courses in the area. Also, the average revenue per round for the Falls Road GC appears disproportionately high – the range at this facility is highly successfully and generates nearly \$400,000 annually.

Over the 10-year period between 2008 and 2017, the MCRA golf system has maintain a positive growth trend. Rounds played have increased in total by 5.8% and total revenues increased by 2.2%. The overall revenue per round is down by 3.4% in this 10-year window – again adversely influenced by the growth rate of the rounds played.

Other key points regarding the MCRA operation include:

- Member / season passholder play represents approximately 32% to 35% annually
- The player frequency by pass type is:
 - Standard membership – 25 rounds per year (these players are extremely loyal)
 - Frequent Player's Pass – 12 rounds per year
 - Player's Pass – 3 to 5 rounds per year
- The MCRA courses are maintained at a good standard and this creates loyalty from their players. The general maintenance costs per course are:
 - Hampshire Greens GC - \$737,000 annually (their highest profile course & the physically largest property at 175 acres)
 - Mid-level courses - \$560,000 to \$590,000 annually
 - Sligo Creek GC - \$261,000 (only 9 holes)
- MCRA is committed to developing new golfers and growing the game – some of the programs they offer include:
 - 1st Tee facilities at 5 courses (Sligo Creek, Falls Road, Laytonsville, Needwood & Northwest)
 - MCRA-run summer camps at all 9 courses (1-week sessions attract 1,500 kids)
 - Various junior competitive events
 - Special pricing to encourage family participation (parent & child for \$20)
 - Provide discounted or free play by local high schools at all courses
- MCRA utilizes creative uses of the courses to attract non-traditional segments – such as Foot Golf, Nite Golf, outdoor concerts (Sligo Creek), 5K runs and special events such as Cigars & Bourbon outings.
- Operating as a single entity, the MCRA structure allows significant economies of scale for operational functions such as marketing, staffing, purchasing and management.

Summary of MCRA Golf

Overall, the MCRA facilities are maintained and operated under a high standard that provides a consistent experience for golfers. They are committed to improving the operation and the physical conditions with a strong capital improvement vision for the future. For public golf in the Montgomery County area, MCRA is clearly the dominant force.

Key Findings – Competitive Golf Market

NGF Consulting research indicates the following general findings regarding the supply of golf facilities in the Montgomery County market.

- The local market area offers a variety of golf facilities, although most golf demand in this area is served by private clubs. The public golf market is driven by the 9-course MCRA golf system. Unlike many other golf markets in the US, the majority of courses in and around Montgomery County were developed as stand-alone facilities (versus in conjunction with a residential community).

- The 15-mile radius around RedGate GC includes six MCRA-operated courses (Falls Road, Hampshire Green, Laytonsville, Needwood, Northwest and Sligo Creek), Blue Mash GC in Laytonsville, Gunpowder GC in Laurel and the University of Maryland GC in College Park. Blue Mash GC is the newest course in the area (opened in 2001) and is focused on the upper end of the public golf market. However, it was reported to NGF that their level of play has been flat or down in recent years.
- Based on our review of the competitive courses, we estimate that the MCRA facilities hosted approximately 70% of the 2017 rounds played in the identified market area.
- Most public courses in the area have continued to make capital improvements to enhance their facilities and offer a good experience for their players (especially at the MCRA courses). Due to the financial performance at RedGate GC over the past decade (and probably longer), the course operator has not been able (or willing) to make any capital improvements – only as-needed repairs.
- Relative to other courses, the maintenance budget at RedGate is significantly lower both in terms of manpower and the necessary materials & supplies. The expense to maintain RGGC has been reduced from about \$378,000 in 2015 to a projected \$228,000 for 2018 (a reduction of 60%). Comparatively, the MCRA courses are spending approximately \$575,000 annually for their mid-market courses. With the decreased maintenance spending at RedGate, the course has continued to deteriorate and golfers are seeking better conditioned options in the area.
- Anecdotal evidence suggests that, both locally and nationally, golfers are playing fewer rounds and shifting play to less expensive rounds like twilight. Additionally, large outing/tournament and banquet business is off at many golf facilities.
- As is the case in most markets nationally, local golf operators report a general decline in rounds activity, with a peak around 1999-2000, and severe drops in 2006, 2010, 2013 and 2018, with growth in only 2012, 2015 and 2016. The decrease in per-course activity levels, both regionally and nationally, has been attributed to several factors, including emerging socio-economic trends and a general oversupply of public golf courses fighting for market share at a time when golf demand is flat. Total rounds activity among golf courses in this market tends to be in the range of approximately 30,000 to 35,000 rounds per 18-hole course annually (**Appendix C**).
- The general long-term trend in rounds decline has created some downward pressure on green fees in this market area. Further, the condition of RedGate has also played a significant role in the amount this City facility is able to charge golf customers.
- All of the competitive facilities reviewed by NGF offer a season pass or annual membership that locks in players and improves customer loyalty. The RedGate pass allows access to 4 other BCG-managed facilities that are approximately 20 to 40 miles from RedGate. The MCRA season passholders can play any of the nine MCRA courses and their loyalty program offers complimentary golf and discounted merchandise based on a points system.
- Over the past two years, the season passholder play at RGGC has been increasing as a percentage of total rounds – it was 40% in 2017 and 45% in 2018. For the MCRA properties, passholder play typically ranges between 32% and 35% of total play. For RedGate, the passholders are largely value segment golfers who also spend very little additional money in the snack bar or the pro shop.
- Most courses in this market are open all year long (weather permitting). However, most play occurs between April and October.

EXTERNAL FACTORS SUMMARY

The demographic and economic factors affecting the demand for public-access golf in the local market around RedGate GC is mixed. Washington DC is a populous market with a lot of golfers, but the ratio of golfers per 18-holes is well below the NGF-defined success target. In addition, this area is characterized by demographic and other factors (economy, traffic congestion, etc.) that tend to constrain golf activity. The NGF has also observed that there are other golf courses in the area to service golf demand, and many of these businesses are themselves experiencing declines in rounds and revenue. As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Rockville, substantial growth in rounds and income from current (2018) levels is unlikely. Other key findings from NGF's market analysis include:

- The overriding trends in the golf industry will present challenges to the City of Rockville in continuing golf course operations at RGGC. The total number of golfers in Rockville is declining and total spending on golf is declining along with them. Similarly, the cost to maintain and operate golf courses had increased in recent years (equipment, labor, resources, etc.), leading to a difficult economic environment for public golf courses.
- The Rockville area economy is strong, with many key economic drivers that tend to correlate with strong participation in golf. The subject RGGC is immediately proximate to all of the Rockville area employment centers and large corporations, adding to the possibility of attracting patronage from this segment, **assuming facility quality is appropriate**. Generating golf from these corporate elements will be key to sustaining golf operations at RGGC, as local resident demand is likely not enough to support the operations of all golf facilities in the Rockville area.
- The overall balance between supply and demand for public golf is generally unfavorable in the Rockville area. There are far fewer households and golfers available to support each golf course in the market, and as a result the golf courses in this area tend to host fewer rounds than average. NGF estimates that there is about 70% the number of golfers per 18 holes in Montgomery County than the NGF-identified success threshold.
- The competition for providing public golf service to patrons in this market area is dominated by one individual conglomerate of golf courses in the MCRA, an entity operating nine public golf courses in Montgomery County and six within 15 miles of RGGC. This single entity has substantial influence on key public golf dynamics in this market (fees, conditions, specials, etc.) making direct competition by one single facility much more difficult. The recent performance of local area MCRA golf courses show these facilities to be performing much better than RGGC in terms of rounds, revenue and capital enhancements.
- The physical amenities at RGGC are clearly inferior to its immediate competitive set of golf courses, giving enormous advantage to the competition. Even as one of the lowest-priced 18-hole golf courses in the market area, RedGate GC is still struggling to attract the volume of play necessary to sustain operations.
- In addition to the declining demand and competitive nature of public golf in this market, the relative limited accessibility of the area to automobile traffic severely limits the kind of "day-trip" visitation that tends to correlate well with public golf. As a result, the RGGC will have to attract a much larger share of local Rockville residents to generate the activity and revenue to support the RGGC operation.

Recommendations for the City of Rockville

Based on our evaluation of the RedGate GC and the local market environment, NGF has formulated recommendations that we believe could improve the overall economics of the City's public golf facility. The goal of this phase of the study was to help the City identify the business plan changes that could help to maximize rounds and revenues for the facility, thus sustaining its potential to remain a viable public golf facility business. We note that NGF recommendations for RGGC were formulated during a period in late Fall 2018 when the course operator, BCG, had indicated it was terminating its lease obligations to the City on December 31, 2018. This leaves the City with considerable responsibility in the RGGC operation and very little time to get it organized to effectively compete in the public golf segment by April 2019.

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City in RGGC operation. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations.

NGF OBSERVATIONS ON REDGATE GOLF COURSE

The NGF team offers a quick summary review of the most important findings and observations on the RedGate GC that form the basis for NGF recommendations. The NGF consultants' have reviewed the facility and find many positive aspects that could be marketable in this competitive market of public golf courses. What did stand out to NGF in this review was the generally poor physical condition of the subject RGGC and the amount of capital and operational expertise that will be required to correct the various deficiencies. Other observations on RGGC from NGF:

- The mix of amenities at RGGC that include a regulation 18-hole golf course, a driving range, full-service clubhouse and outdoor covered deck, should continue to have strong appeal for varied golfer segments, and be conducive to active golf programming, including new player development and hosting tournaments.
- The golf course appears to be in generally poor condition due to several factors, including outdated infrastructure, insufficient maintenance budget and inadequate maintenance equipment. The NGF notes that the basic golf course design is not ideal, and has been diminished by extensive tree cover and the modernization of golf playing equipment.
- The continued operation of RGGC will require an influx of golfers who do not reside close to the golf course, which means RGGC will have to improve its marketing to local businesses and golfers from a wide area of the Washington, DC metro region, including groups and charities to use RGGC for tournaments and events.
- The facility has a good quality clubhouse, and the Grill can attract some non-golfer patronage. There is opportunity to improve F&B revenue at RGGC through enhancements to the grill area and increased staffing and availability.
- The private operator's desire to maintain economic stability at RGGC is leading to business decisions that have resulted in reductions in staff and maintenance at the facility. These reductions have led to increases in deferred maintenance that has caught up to RGGC resulting in conditions observed in late 2018.

BASIC OVERSIGHT AND STRUCTURE

The City of Rockville has chosen to operate its golf course via lease agreement with BCG, Inc., Inc. beginning in 2012. While this structure has allowed the City to substantially reduce its risk in the operation, one area of risk that remains is the possibility of lease default that could occur due to poor activity and revenue. As of November 2018, this very possibility has occurred and the BCG lease partner is terminating its agreement with the City effective December 31, 2018.

In light of this recent change, NGF has recommended a specific course of action that will use 2019 to press the reset button for RedGate GC. Based on our analysis of the current physical condition of RGGC, the competitive nature of the public golf market and upcoming departure of BCG, we believe conducting an extensive renovation of RedGate during 2019 is the appropriate path forward. By utilizing 2019 to improve the golf course and associated support items, this will allow the course to reopen in 2020 as a viable contender in the Montgomery County golf arena

Structure Options

NGF has prepared a review of options that are available to the City for the upcoming 2019 golf season, and the longer term continued operation of RedGate. Management contracts, operating leases, and concession agreements are the most commonly used terms to describe a contract between a golf course owner and a private operator. A general discussion of the common operating structures, along with key advantages and disadvantages of each, is presented below (these are not intended to be exhaustive, as there are hybrids and variations thereof), presented in order from most direct City involvement to the least direct City involvement:

1. **Self-Operation.** This would involve the City taking over the operation and using all City employees for staffing the facility. This solution would essentially be a return to the operating program that was in place during NGF's last review of RGGC in 2010. At that time, the City was dealing with common challenges in that structure, rapidly inflating costs (especially associated with personnel and retirement benefits), and funding large-scale capital needs. Still, this structure will always have the advantage of direct City control of the operation for maximum benefit to the City.
2. **Concession Agreements:** These are similar to lease agreements and can come in several types or combinations. The advantage is shifting some risk and payroll to a private entity. The key areas of operation include Pro Shop, Food and Beverage, and/or Maintenance, and involve the City contracting for one, some, or all of these services. One subset of this concept includes multiple concessions, a system in which the City creates contract agreements with separate entities for each facet of the operation. The most common concession agreements for public golf include:
 - a) **Contract for Food / Beverage Services** involves hiring a separate operator for the F&B, either through direct concession or exchange for capital investment.
 - b) **Contract for Maintenance Services** involves contracting with a private entity to provide golf course maintenance services in exchange for a pre-determined fee.
 - c) **Multiple Concessions** involves creating multiple agreements for separate entities for each facet of the golf operation (pro shop, F&B, and maintenance).

3. **Full-Service Management Contract.** The concept of a management agreement is for the City to hire a private management entity to operate all aspects of RGGC in exchange for a management fee, typically around 4-6% of total revenue. The City is earning all revenues, is responsible for all expenses (salaries, maintenance, liabilities, capital) and pays a management fee to an operator. Some advantages to this strategy are a shifting of labor expense from a public to a private structure, and the expected benefit of professional management, including access to national purchasing and marketing programs. The potential disadvantages are some loss of City control and the fixed fee for service, regardless of yearly variations in performance.
4. **Hybrid Contract.** A hybrid contract combines some of the advantages of a lease with those of a management contract. The most common difference from the management contract is that a variable management fee is included, allowing the operator and City to share in the risk of the operation. Advantages are similar to the management contract with a shifting of payroll, adding expertise, but reducing some City control of the operation.
5. **Operating Lease(s).** This is the “status-quo” for RGGC, with the City leasing the operation to a new private operator to replace BCG. The new lease could be established to include certain new requirements related to compensation to the City, water responsibilities and capital requirements. Given the current condition of the facility and highly competitive nature of the area market, the City may find it difficult to attract a vendor willing to take on the risk of the RGGC operation, and complete its capital requirements.

Most Viable Considerations

Based on our review of the various operational considerations for the City, NGF has identified the two most viable options for the City to consider once RGGC re-opens in 2020 after the recommended renovation. The most viable options for RedGate GC operation are:

- **Self-Operation.** The City can return to some form of self-operation, in a fashion similar to the structure in place before 2012. However, this time the City will essentially be “starting from scratch” and can limit some of the employee longevity and pension obligations that were so burdensome in 2011. This structure would also leave open the possibility of including a separate contract vendor for the F&B operation.
- **Modified or “Hybrid” Full-Service Management Contract.** The City can replace the existing lease agreement with a variable-rate management agreement that would include a fixed management fee at the lower end of the range (4% of revenue), plus additional “at-risk” compensation based on net income performance. The NGF would envision that this new Hybrid agreement would:
 - Include a low base management fee
 - Include a provision for the vendor to earn additional management fees through enhanced facility performance
 - Provide continued incentive for active new player development programming

NGF Recommendation

In consideration of the recent announcement from the current lease vendor BCG, the City of Rockville will have to create a new management structure for RedGate GC for the upcoming 2019 golf season, if the City chooses to re-open the facility. Given the past struggles in self-operation at RedGate GC (pre-2012), it would seem that the best solution is to find a replacement for BCG and continue the lease form of operation. However, given the current market environment and the long list of capital improvements needed at RGGC, the NGF believes it is unlikely that the City will be able to find a private-sector partner willing to accept the full risk in this operation the way BCG did in the last agreement. In addition, the NGF respects the fact that the City will not be able to fully complete a competitive bid process and select a new vendor, under any operating terms, in time for the 2019 golf season.

Given this reality, the NGF recommends the City use this pause in operations created by the lease termination to “re-set” the whole RedGate GC operation in two phases: (1) close RGGC in 2019 and enact all site improvements and renovations while a new formal RFP process is implemented; and (2) the ultimate attraction of a new third-party vendor in place by January 2020, preferably in some form of “hybrid” management contract agreement. The key terms of this new management agreement should include:

- All operations (operations, golf, F&B and maintenance) all under the management of a single entity
- The new agreement should be for five (5) years
- All staff responsible for the operation and maintenance of RGGC are employed by the independent third-party management entity
- The City to pay a small (\$20,000-\$40,000) fixed management fee to the operator, **plus** an agreed-upon percentage of total gross revenue earned at the facility, to be defined as:
 - All gross revenue recorded in the RedGate POS
 - All centers of revenue counted equally
 - Only exclusion would be lessons provided by golf professionals (to help promote player development)
- Specific provisions for ongoing capital and repairs to be shared jointly by the City and the independent operator.

PHYSICAL IMPROVEMENT RECOMMENDATIONS

The NGF recommendations for enhancement to the physical plant of RedGate GC are based on our physical condition review presented previously. We have documented the challenging physical condition of RGGC that is a result of aging infrastructure, insufficient maintenance budget and inadequate maintenance equipment. If the City is to continue with the RGGC operation, significant improvement to the physical condition of the property is required and this will require significant investment. The NGF recommendations to enhance the RGGC physical plant considers both “mission critical” improvements that are required to keep operating, as well as other considerations for future enhancement. The NGF vision for the future of RGGC considers some recommendations that should be helpful in improving economic performance and transforming the City golf course into a “point of pride” for the City.

Completion of Basic Repairs

The NGF has proposed an improvement program for the golf facility that assumes completion of basic repairs and other enhancements as documented previously. A summary of these improvements by functional area is summarized in the table below:

RedGate Golf Course Summary of Preliminary Golf Facility Repair and Enhancements by Functional Area			
Key Area of Improvement	Key Projects	Low Estimate	High Estimate
Golf Course	Irrigation + drainage + cart paths + trees + bunkers + range + tees, greens	\$2,577,000	\$3,191,000
Facilities	Cart barn + maintenance bldg. + on-course services	\$116,000	\$182,000
Equipment	Mowers (greens, fairways, roughs), applicators, bunkers	\$250,000	\$350,000
Total Estimated City-Wide Capital Investment		\$2,943,000	\$3,723,000
<small>All figures are NGF Consulting estimates based on NGF's input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the City, and the City of Rockville should engage appropriate research to cost out specific projects.</small>			

NGF recommends that City of Rockville, as part of the due diligence process before any decisions are made or work undertaken, retain a golf course architect and/or structures architect to complete a conceptual plan and get hard dollar cost estimates for any golf course or structure changes proposed for RGGC.

OPERATIONAL RECOMMENDATIONS

NGF has identified some operational adjustments that, when implemented together, could lead to improved activity (rounds) and/or revenues at RGGC. These recommendations require limited investment and focus on “best practices” that NGF has observed in the golf industry that can help improve service, increase revenue, and/or control costs. We note that many of the identified best practices were being implemented by BCG in the last six years, but increased emphasis in some areas will be required by the City to help restore the golfing public's opinion of RGGC, in light of recent declines in condition and service. Following are key NGF operational recommendations for RGGC, based on our review in 2018.

Technology and Marketing

An effective marketing plan incorporates elements such as research, planning, strategy, market identification, budget, timetable, and tracking (to gauge effectiveness of various campaigns and vehicles). NGF's review indicated some active marketing at RGGC, with reliance mostly on centralized BCG platforms and the attraction of golfers through word-of-mouth and the internet. NGF's recommendations for enhancing the marketing of RGGC include:

- Engage in direct, face-to-face selling to area businesses, organizations, churches, civic groups, etc. to promote tournaments and outings at RGGC. NGF has found that this direct approach is the best way to enhance the tournament and outing business that is so important to the future success at RGGC.
- The City of Rockville should do more to promote the RedGate GC, in addition to any efforts completed by a third-party vendor (BCG).
- The City and its eventual selected operating partner should prepare printed materials such as brochures (like a three-page folded brochure) that could go in racks and/or be distributed to area businesses and hotels, and include information about golf and the facility's ability to service outings, parties, meetings, etc.

RGGC Website

As BCG departs, the City will have to re-invest in a proper website for the RedGate GC. NGF recommends that municipal golf courses have dedicated websites, separate from the link that typically appears on the municipality's site. Recommended features for a quality public access facility include electronic tee time booking capability, up-to-date fees, outing / tournament information, calendar of events, and restaurant and banquet information. For facilities like RedGate GC that can provide a venue for events, we also recommend that the website include a lot of pictures of successful events.

Email Database

Building, maintaining, and actively utilizing an email platform to practice yield management and advertise events, specials, etc. is an effective "best industry practice" for public golf in 2018. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. NGF recommends that RGGC management actively work to build a customer email database and communicate regularly (no more than 2-4 per month) about activities, events, tournaments, specials, etc. at RGGC. NGF recommendations for building the email database at RGGC:

- Emails should routinely be collected during golfer check-in for walk-in golfers, with emphasis on players new to RGGC. (We have seen placement of an iPad in the golf shop to capture customer emails as an effective tool).
- Create an eClub registration on the website.
- Make some of the periodic promos/specials contingent on having an email address on file, or providing one.

Technology

Comprehensive utilization of a quality, golf-oriented point-of-sale (POS) system helps management understand its customer profile segments, while also providing assistance in marketing and customer tracking. Technology is one of the most important tools available to a golf course management team to build a larger customer database, create customer loyalty and boost revenue. The efficiency of software for tee time reservations, operations / accounting reporting, retail point-of-purchase reporting, and overall management information systems has advanced dramatically in recent years and can help improve overall performance. Some of the key features of industry leading POS systems - often underutilized by operators – are summarized in the bullets below:

- Loyalty program modules
- Creation of customer profile segments, including play and spending patterns
- Enhanced target marketing, messaging and yield management utilizing the customer database segmentation
- Integration with social media forums such as Facebook, Twitter, Instagram, etc.

There are also vendors that do not provide POS but offer comprehensive services that manage all aspects of online marketing efforts. For example, they may provide software that integrates information collected from the POS, tee sheet, website, mobile applications, booking engine and social media networks to help golf course managers better understand and market to their customers.

Themed Programming & Events

Creative golf-themed events, on both the golf course and the driving range, are becoming more and more popular with operators looking to make golf more fun for less committed golfers, including many young adults who want their recreation to be 'experiential'. Examples of events that NGF has observed include:

- A weekly 9-Hole Scramble that had 13 teams (52 participants) and generated about \$2,500 in direct revenue, plus bar/grill revenue before and after the event.
- 'Balls & Beers' at the driving range. Participants pay a small fee for the event, which can feature a keg (or craft beers from local brewers) and unlimited range balls for an hour, with a golf pro walking the range giving quick lessons and tips.
- '9 & Wine' golf training programs for women's groups are a particularly popular and effective way to engage beginning women golfers and non-golfers.

Customer Service

Strong customer service can be a key differentiator in building customer loyalty. High level service at a golf course begins the moment the golfer sets foot on the property, beginning with a friendly welcome (especially for faces that staff may not have seen before). NGF generally recommends strategies such as staff training and establishment of customer service standards & measurable metrics – monitored through periodic customer surveys and occasional secret shoppers - to make sure that the standards are being consistently met or exceeded.

Player Development and Programming

As discussed in this report, RGGC has been active with respect to player development and programming, especially with the presence of an established teaching golf professional. Cultivating new golfers is not only key to the future of golf but, as noted earlier in the report in reference to PGA of America research, it has also proven to be an immediate generator of revenues for facilities. NGF has found that the public golf facilities that are most successful tend to be very active in adult player onboarding and development, as well as other "grow-the-game" initiatives. Creative programming is especially effective in onboarding new players from segments (e.g., women, millennials) that represent strong latent demand for the game but that may not prefer to be introduced to the game in traditional ways, such as individual lessons.

Below are some current industry best practice recommendations for enhancing player development, onboarding and overall programming:

- **Increasing Women's Participation:** Work to increase women's participation, as females are strongly represented among the latent demand cohort. At present, women account for about 20% of golf participants, but 40% of beginners. There are many reasons why female golf participation is low, but increasing participation from women is one of the keys to maximizing revenue. The most common issues relate to golf course difficulty (part of NGF's recommended improvement), retail selection, on-course services (restrooms, drinking fountains), food / beverage selection, and customer service.
- **Lessons and 'Onboarding':** Operators should work directly with the PGA of America, LPGA, and First Tee on programs that have a proven track record, and how to best implement and promote them. Examples include Get Golf Ready; Drive Chip & Putt; PGA Junior League Golf; LPGA-USGA Girl's Golf; and LPGA's Teaching Her. Of course, a critical element to success is transitioning new players from learning to playing is follow-up and encouragement.

Analysis of Expected RedGate Golf Course Financial Performance

Based on NGF analysis and recommendations, the consultants have prepared financial projections to show the potential economic performance of the RedGate GC assuming City take-over and renovation in 2019, followed by a new management agreement in 2020. All NGF projections are based on a set of assumptions that may or may not become reality. We feel that these estimates represent the best effort to create a “fair estimate of performance” for this facility based on our complete review of the operation and market environment.

NGF has estimated the economic performance of RedGate under the assumption of experienced professional management in place at the facility from its re-opening in 2020, with all revenues and expenses accruing to the City of Rockville. NGF has assumed the inclusion of several primary revenue generators in the facility operation – green and cart fees, F&B sales, merchandise sales and the driving range. The expenses needed to operate the facility have been assumed to include all costs required to run the golf and clubhouse operation on site, and do not include other “below-the-line” expenses that may be required such as additional City overhead, depreciation or capital cost reduction (debt service).

REDGATE GC PROJECTIONS (2019-2023)

In preparing our estimates of future performance, NGF has made several assumptions for input variables and external market conditions. We recognize that this estimate is prepared in 2018 for a golf facility that is not expected to re-open after an extensive renovation before spring 2020, almost two years into the future. As such, the NGF estimates are made using current (2018) inputs and current market conditions. All financial estimates are prepared in 2018 dollars. A summary of NGF assumptions are detailed below:

Basic Assumptions

- The overall economic condition remains stable, without any sizable increase or decrease in the Montgomery County area economy, employment, or visitation.
- The RGGC will operate with service and conditions as described previously, placing the facility in the upper-middle range of public golf courses in the Montgomery County market.
- The RGGC will operate with a traditional mix of revenue centers common in public-access golf, with the predominance of golf activity derived from daily fee customers. Additional revenue from range and clubhouse will include participation from other patrons, not playing a round of golf.
- The upgraded RGGC will be designed with improved playability and enhanced maintenance conditions.

Activity and Revenue Assumptions – RGGC (2019-2023)

The projections made for the operation of RGGC through the end of 2023 assume the facility will be closed for renovation in 2019, followed by a “grand” re-opening in 2020 with professional management in place. Other key assumptions in the NGF projections:

- The projection for 2020 assumes the trends established in recent performance are reversed, with RGGC achieving rounds totals comparable to the 2015-2017 actual totals, or around 32,000 to 36,000 total annual rounds. These rounds are divided into premium daily rounds, discounted daily rounds, member rounds and tournaments and outings. The rounds and membership activity projected by NGF assume a new “stable” level of activity, with some years falling below and some years rising above this expected ‘average’ figure. The projected activity by type through 2023:

RedGate GC	2019	2020	2021	2022	2023
	Closed for Renovation	Re-Open			
Number of Members	0	100	110	120	120
Member Rounds	0	15,000	16,500	18,000	18,000
Premium Fee Rounds	0	6,000	6,500	6,700	6,800
Discount Fee Rounds	0	8,000	8,500	8,700	8,800
Tournament Rounds	0	1,200	1,500	1,600	1,600
Total Rounds	0	30,200	33,000	35,000	35,200

- The average revenue per round for green fees is projected at levels achieved in 2017, with 1.5% annual increases through 2023. This is reflective of a program to retain basic fee levels and retain the membership component at RGGC through 2023. Average revenue for carts, range, memberships and other ancillary revenues are projected at 2017 levels with 1.5% inflation. Average green fee levels are increased by \$1.00 each year through 2023 to reflect improved conditions and marketing. A summary of average revenues per round (or member where noted) are shown in the table below (not intended to represent green fees):

Blended Average Revenue per Round	2019	2020	2021	2022	2023
Premium Green Fees	-	\$35.00	\$36.00	\$37.00	\$38.00
Discount Green Fees	-	\$25.00	\$26.00	\$27.00	\$28.00
Cart Fees	-	\$4.00	\$4.06	\$4.12	\$4.18
Driving Range	-	\$1.25	\$1.27	\$1.29	\$1.31
Pro Shop Sales	-	\$1.75	\$1.78	\$1.80	\$1.83
Food (Food & Soft Drinks)	-	\$2.00	\$2.03	\$2.06	\$2.09
Beverages (Alcohol)	-	\$1.50	\$1.52	\$1.55	\$1.57
Other Golf Revenue	-	\$0.50	\$0.51	\$0.52	\$0.52
Clinic / School Revenue	-	\$1.75	\$1.78	\$1.80	\$1.83
Miscellaneous Income and Discounts	-	\$0.25	\$0.25	\$0.26	\$0.26
Initiation / Annual Membership Fees	-	\$1,500.00	\$1,522.50	\$1,545.34	\$1,568.52

Expense Assumptions

NGF Consulting has prepared estimates of expenses for the 18-Hole RedGate GC assuming direct operation by the City of Rockville, or under a new third-party management arrangement. Expenses are divided into maintenance, operations and other departments.

Golf Course Maintenance Expenses

Golf course maintenance expenses (includes practice facility) have been estimated to be \$600,000 in the first full year of operation, growing at 2.0% per year to just over \$639,000 by the fifth year of operation. While this budget is considerably higher than the actual maintenance expenditures experienced by BCG, it represents an amount commensurate with providing outstanding maintenance conditions. Overall, fixed golf course maintenance expenses are expected to conform to the following general schedule prepared by NGF Consulting.

Estimated Golf Course Maintenance Expense RedGate Golf Course	
Salaries & Wages	
<i>Full-Time Employees</i>	
Course Superintendent	\$60,000
1 Asst. Super/Mechanic @ \$40,000	40,000
Benefits & Taxes @ 35%	35,000
<i>Part-Time Labor</i>	
10,000 hours @ \$15.00/hr.	150,000
Total Salaries & Wages	\$285,000
Seed, Sod & Sand (incl. Top-Dress program)	\$40,000
Supplies (Chemicals & Fertilizer)	40,000
Equipment Lease	100,000
Utilities (incl. Water)*	125,000
Other	10,000
Total Course Maintenance Expense	\$600,000
*Assumes some direct cost for water + additional power costs.	

Golf/F&B Operations Expenses

Expenses to operate the golf and concession operation (includes practice facility) have been estimated to be \$470,000 in the first full year of operation with 2.0% annual inflation:

Estimated Golf / F&B Operations Expense RedGate Golf Course	
Salaries & Wages	
<i>Full-Time Employees</i>	
Head Golf Professional/Manager	\$60,000
Benefits & Taxes @ 35%	20,000
<i>Part-Time Labor</i>	
1 Assistant Pro (1,500 hours @ \$20/hr. *)	\$30,000
Addl. Golf Staff (3,000 hours @ \$15/hr.)	45,000
Addl. Bar/Wait/Kit. Staff (1,500 hours @ \$10/hr. *)	15,000
Total Salaries & Wages	\$170,000
Golf Services & Supplies (incl. range)	\$25,000
F&B Supplies & Services (fixed)	15,000
Cart Lease	70,000
Advertising & Promotion (incl. Technology)	50,000
Insurance	30,000
Management Fee**	90,000
Other / Prof. Services (incl. bldg. maintenance)	20,000
Total Golf / F&B Operations Expense	\$470,000
*Positions can earn additional income through lessons fees and/or gratuities. **Base management fee only – does not include additional variable fees that could be earned through improved facility performance	

Other Expenses / Details

Additional expenses associated with the operation of RGGC include items such as direct cost of items sold (COS), contracted labor and reserves / contingencies. The NGF has based our estimates in these areas on historical patterns established at U.S. golf facilities of this type.

- The City of Rockville will have some operating expenses during the period in 2019 when the facility is closed for renovation, mostly related to golf maintenance during construction and grow-in after construction.
- Cost of shop merchandise (COS) is assumed at 70% of total merchandise sales.
- Cost of food and beverage items (COS) is assumed at 40% of total F&B sales, and 25% of alcohol sales.
- NGF has assumed a large capital budget of five percent (5%) per year of total revenue to complete needed repairs that invariably come up in golf maintenance. These costs can be borne each year or saved up as a reserve over time.
- In keeping with the conservative posture taken for this feasibility study, NGF Consulting has assumed an operations reserve contingency expense to account for any possible unforeseen expenses, and / or cover unexpected capital needs. This contingency has been estimated to be five percent (5%) per year of total revenue to complete needed repairs that invariably come up in golf maintenance, or reserve for future replacement.

Economic Performance Projections – 2019-2023

NGF Consulting has utilized the previously mentioned assumptions to create the cash flow model for RedGate GC for 2019-2023 in the table below. All figures have been rounded to the nearest \$100 for simplicity.

Projected Cash Flow Analysis RedGate Golf Course Base Assumptions – 2019 Renovation					
	2019	2020	2021	2022	2023
Status	Closed for Renovation	Re-Open	Open	Open	Open
Total Rounds	-0-	30,200	34,700	35,200	37,200
Revenue					
Green Fees	\$0	\$452,000	\$509,000	\$542,000	\$566,000
Cart Fees	0	\$121,000	\$134,000	\$144,000	\$147,000
Driving Range	0	38,000	42,000	45,000	46,000
Pro Shop Sales	0	53,000	59,000	63,000	64,000
Food (Food & Soft Drinks)	0	60,000	67,000	72,000	74,000
Beverages (Alcohol)	0	45,000	50,000	54,000	55,000
Other Golf Revenue	0	15,000	17,000	18,000	18,000
Clinic / School Revenue	0	53,000	59,000	63,000	64,000
Dues Income + Initiation Fees	0	150,000	167,000	185,000	188,000
Miscellaneous Income and Discounts	0	8,000	8,000	9,000	9,000
Total Revenue	\$0	\$995,000	\$1,112,000	\$1,195,000	\$1,231,000
Less Cost of Sales: (COS)					
Pro Shop	\$0	\$37,000	\$41,000	\$44,000	\$45,000
Food + Soft Drinks	\$0	\$24,000	\$27,000	\$29,000	\$30,000
Alcohol	\$0	\$11,000	\$13,000	\$14,000	\$14,000
Total COS	\$0	\$72,000	\$81,000	\$87,000	\$89,000
Gross Margin	\$0	\$923,000	\$1,031,000	\$1,108,000	\$1,142,000
Operating Expenses					
Golf Course Maintenance					
Total Labor Expense	\$120,000	\$285,000	\$291,000	\$297,000	\$303,000
Services, Supplies, Other	0	90,000	92,000	94,000	96,000
Equipment Lease	0	100,000	102,000	104,000	106,000
Utilities (Incl. Water)	70,000	125,000	128,000	131,000	134,000
Golf + F&B Operations					
Total Labor Expense	\$0	\$170,000	\$173,000	\$176,000	\$180,000
Services & Supplies	0	40,000	41,000	42,000	43,000
Cart Lease	0	70,000	71,000	72,000	73,000
Insurance	30,000	30,000	30,000	30,000	30,000
Marketing	20,000	50,000	50,000	50,000	50,000
Other	10,000	20,000	20,000	20,000	20,000
Management Fee	0	90,000	90,000	90,000	90,000
Total Operating Expenses	\$250,000	\$1,070,000	\$1,088,000	\$1,106,000	\$1,125,000
Operating Income (Loss)	(\$250,000)	(\$147,000)	(\$57,000)	\$2,000	\$17,000

SUMMARY DISCUSSION – NGF PROJECTIONS

The results of the NGF financial projection analysis show that with the completion of NGF recommended improvements after facility closure in 2019 and re-opening in 2020, we expect RedGate GC to improve operations and bring the facility to an economic position at or near “break-even.” We note that this economic position assumes that none of the estimated \$2.9 to \$3.7 million cost to renovate the facility is tied to the golf operation, nor did NGF consider any additional City overhead or indirect City charges. The NGF has estimated that the \$1.1 to \$1.2 million in total facility earned revenue at the facility would be sufficient to cover all “on-site” operating expenses that would be required to operate and maintain the facility to appropriate market standards.

The NGF projects that with these improvements, RedGate GC would generate around 35,000 total golf rounds within 3-4 years, an amount comparable to the 36,000 rounds actually played at RGGC in 2015. As is common with new golf courses, the City should anticipate a modest “ramp up” period for rounds and revenue, and NGF has projected about 80% of stabilized rounds in the first full year after post renovation re-opening. This level of activity is fully achievable at this location, but requires a level of facility condition that does not currently exist and would require considerable new investment to achieve.

Considering all direct on-site expenses estimated for the new facility, including cost of sales and management fee, the net income available to the City for capital reserve and contingencies is projected to be negative until the facility reaches 36,000 rounds of golf. As such, the NGF can label this level of activity as a realistic “break-even” for the RedGate GC, as in years when rounds fall below 36,000 it is likely that the facility will lose money on site. This would put the operation back into a status that is more in line with industry standards, and it includes some adjustment in expenses to ensure proper management and maintenance of the facility.

Limiting Conditions

The income estimates presented by NGF Consulting have been prepared based on existing and projected market conditions, the quality of the subject facility and the intended segment of the golf market toward which it is oriented. Particular focus was paid to the actual performance of area municipal golf courses. NGF Consulting is confident that some growth in activity and revenue can be achieved at RedGate GC after the recommended facility and operational improvements. From a practical standpoint, those managing the facility will need to respond to variable market conditions as well as unforeseen maintenance needs. NGF Consulting is confident that the facility will be able to continue to achieve results as presented in our analysis beyond the next five years of operation.

When projecting a realistic market share, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. NGF believes it is important to measure a renovated golf course’s likely performance in such a way as to help the City make financial decisions based on realistic expectations. It is obviously possible that either more or fewer golf rounds can be sold. We note that our projections for future performance of the new course anticipate strong market acceptance from the very early stages after renovation.

Summary Statement

The City of Rockville continues to own the 18-hole RedGate Golf Course, which has fallen on hard times for a variety of reasons, but still has the potential to be successful public golf recreation amenity for the City. The NGF review shows the City golf course is at a crossroads at the end of 2018, with significant recent declines in activity and earned revenue resulting in part from declining demand, deteriorating physical condition and poor recent weather characteristics. As a result, the City's operating partner (Billy Casper Golf) has informed the City of its intent to vacate its lease of RedGate GC effective January 1, 2019. This means that the City will have to decide on a new operating program for RedGate GC, if the facility is to remain open and operating as a municipal golf course for the City.

This circumstance comes at a time when change is needed at the golf facility, in both physical condition and overall mix of amenities. The City's municipal golf course was not in good condition during the time of the NGF inspection in Fall 2018 due to a variety of reasons, including aging infrastructure, insufficient maintenance budget and inadequate maintenance equipment. In addition, the underlying RedGate golf course is more challenging for the average golfer, and thus pristine conditions are extremely important to attract golfers. The NGF has also documented challenges in this golf market where competition for servicing golf demand is intense, and other competitors are in a better economic position, thus allowing continued upgrades and enhancements.

The NGF has identified some \$2.9 to \$3.7 million in new investment that will be needed at RGGC in order to address basic "mission critical" infrastructure at the golf course and to make other adjustments needed to bring the facility to an acceptable level of marketability in this competitive golf market. The NGF has documented that the upgrades being proposed would enhance the economic position of the City's golf facility, but the upgrades will not generate enough additional revenue to fully support the cost of these improvements. In short, large-scale investment is needed at RGGC, just to sustain its current position and prevent further decline.

In summary, it is clear that the City's golf course has potential, but significant improvement in the property is needed. This upgrade requirement comes within a backdrop of a very challenging golf market with a single, well-funded competitor in control of almost all of the immediate competition to RedGate (MCRA). As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Rockville, substantial growth in rounds and income from current (2018) levels is unlikely. The City is also at a severe disadvantage in losing their third-party operator, thus requiring the City to commit to a new program of self-operation (as was pre-2012) or find a new private partner in a market where very few private interests are willing to absorb this kind of economic risk. In review of this municipal golf facility, the NGF's most significant recommendations to the City of Rockville include:

1. Decide whether to continue with municipal golf in the City.
2. If committed to continuing City golf, close the facility in 2019 and enact significant renovation and restoration of the property.
3. While undergoing renovation, seek a new third-party vendor to operate the facility via hybrid management contract.
4. Insist on a new program of extensive marketing and focus on player development from the new third-party manager.

Appendices

A: Golf Course Life Cycle

B: Demographic, Golf Demand and Golf Supply Data

C: National Rounds Played Report

APPENDIX A – GOLF COURSE LIFE CYCLE

GOLF COURSE ITEMS EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
Irrigation Control System	10 – 15 years	Corrugated Metal Pipes	15 – 30 years
PVC Pipe (under pressure)	10 – 30 years	Bunker Drainage Pipes (3)	5 – 10 years
Pump Station	15 – 20 years	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

NOTES: (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

The American Society of Golf Course Architects (ASGCA) thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,
contact ASGCA at
262-786-5960 or
www.asgca.org



DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 106, BROOKFIELD, WI 53005

APPENDIX B - LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

RedGate Golf Course	5-mile ring	10-mile ring	15- mile ring	Montgomery County	State of Maryland	U.S.
Summary Demographics						
Population 1990 Census	241,475	731,031	1,587,999	760,939	4,776,908	248,584,652
Population 2000 Census	269,506	826,316	1,770,086	873,371	5,296,490	281,399,034
CAGR 1990-2000	1.10%	1.23%	1.09%	1.39%	1.04%	1.25%
Population 2010 Census	299,554	899,324	1,955,024	971,777	5,773,552	308,745,538
CAGR 2000-2010	1.06%	0.85%	1.00%	1.07%	0.87%	0.93%
Population Estimate 2017	328,780	969,104	2,143,123	1,054,279	6,051,283	324,310,011
Population 2022 Projected	346,795	1,023,649	2,274,849	1,113,124	6,226,636	337,744,388
CAGR 2017-2022	1.07%	1.10%	1.20%	1.09%	0.57%	0.82%
CAGR 2010-2022	1.23%	1.08%	1.27%	1.14%	0.63%	0.75%
Median HH Income (2017)	\$101,628	\$108,699	\$104,863	\$108,959	\$81,880	\$59,240
Median Age (2017)	39.7	39.6	37.2	39.2	38.7	38.1
Ethnicity						
White	53.1%	53.7%	52.9%	53.6%	55.6%	70.4%
African American	15.3%	19.1%	22.5%	19.1%	30.4%	13.3%
Asian	17.8%	15.3%	12.8%	15.7%	6.7%	5.7%
All Other	13.8%	12.0%	11.8%	11.6%	7.3%	10.6%
Hispanic Population						
Hispanic	22.8%	19.1%	17.3%	18.5%	9.2%	17.5%
Not Hispanic	77.2%	80.9%	82.7%	81.5%	90.8%	82.5%
CAGR = Compound Annual Growth Rate						
RedGate Golf Course	5-mile ring	10-mile ring	15- mile ring	Montgomery County	State of Maryland	U.S.
Golf Demand Indicators						
Total Households	120,636	355,225	818,980	382,053	2,282,585	124,506,607
Number of Golfing Households	14,512	41,544	91,960	44,591	224,091	17,175,900
Projected Golfing Households (2022)	15,126	43,387	96,183	46,364	230,645	17,934,830
Projected Annual Growth Rate	0.80%	0.90%	0.90%	0.80%	0.60%	0.90%
Seasonal Golfing Households	107	281	850	290	5,869	732,421
Latent Demand/Interested Non-Golfers	45,206	133,171	325,936	142,115	752,031	40,573,960
Household Participation Rate	12.00%	11.70%	11.20%	11.70%	9.80%	13.80%
Number of Golfers	26,522	76,520	157,790	82,947	405,438	23,832,510
Rounds Potential (resident golfers)	501,056	1,425,573	2,799,247	1,524,180	7,821,287	455,965,500
Estimated Course Rounds (in-market supply)	335,054	726,628	1,132,679	828,539	5,187,224	455,965,000
Demand Indices						
Golfing Household Participation Rate	87	85	81	85	71	100
Seasonal Golfing Households	15	13	18	13	44	100
Latent Demand/Interested Non-Golfers	110	110	121	108	99	100
Rounds Potential per Household (resident golfers)	113	110	93	109	94	100

RedGate Golf Course	5-mile ring	10-mile ring	15- mile ring	Montgomery County	State of Maryland	U.S.
Golf Supply						
<i>Golf Facilities</i>						
Total	10	24	39	27	169	14,754
Public	3	8	14	10	112	11,006
Public: Daily Fee	0	1	4	1	78	8,509
Public: Municipal	3	7	10	9	34	2,497
Private	7	16	25	17	57	3,748
<i>Public Golf Facilities by Price Point</i>						
Premium (>\$70)	2	5	6	5	30	1,393
Standard (\$40-\$70)	1	2	6	4	56	4,087
Value (<\$40)	0	1	2	1	26	5,526
<i>Golf Holes</i>						
Total	216	477	747	531	3,105	250,146
Public	72	153	252	189	2,007	181,458
Public: Daily Fee	0	18	72	18	1,395	139,761
Public: Municipal	72	135	180	171	612	41,697
Private	144	324	495	342	1,098	68,688
Non-Regulation (Executive & Par-3)	36	36	63	36	243	20,277
<i>Net Change*</i>						
Net Change in Holes past 5 years	-9	-27	-9	-27	-207	-13,941
Percentage Total Holes Past 5 Yrs.	-4.00%	-5.40%	-1.20%	-4.80%	0	-5.30%
Net Change in Holes past 10 Years	9	27	27	27	-360	-19,098
Percentage Total Holes Past 10 Yrs.	4.30%	6.00%	3.80%	5.40%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

RedGate Golf Course	5-mile ring	10-mile ring	15- mile ring	Montgomery County	State of Maryland	U.S.
Supply-Demand Ratios						
<i>Households per 18 Holes</i>						
Total	10,053	13,405	19,734	12,951	13,232	8,959
Public	30,159	41,791	58,499	36,386	20,472	12,351
Public: Daily Fee	0	355,225	204,745	382,053	29,453	16,035
Public: Municipal	30,159	47,363	81,898	40,216	67,135	53,748
Private	15,080	19,735	29,781	20,108	37,419	32,628
Premium (>\$70)	40,212	59,204	116,997	63,676	65,217	73,716
Standard (\$40-\$70)	120,636	177,613	136,497	95,513	39,355	28,602
Value (<\$40)	0	0	818,980	0	123,383	30,826
<i>Golfing Households per 18 Holes</i>						
Total	1,209	1,568	2,216	1,512	1,299	1,236
Public	3,628	4,888	6,569	4,247	2,010	1,704
Public: Daily Fee	0	41,544	22,990	44,591	2,891	2,212
Public: Municipal	3,628	5,539	9,196	4,694	6,591	7,415
Private	1,814	2,308	3,344	2,347	3,674	4,501
Premium (>\$70)	4,837	6,924	13,137	7,432	6,403	10,169
Standard (\$40-\$70)	14,512	20,772	15,327	11,148	3,864	3,946
Value (<\$40)	0	0	91,960	0	12,113	4,253
<i>Household Indices</i>						
Total	112	150	220	145	148	100
Public	244	338	474	295	166	100
Private	46	60	91	62	115	100
Premium (>\$70)	55	80	159	86	88	100
Standard (\$40-\$70)	422	621	477	334	138	100
Value (<\$40)	0	2,305	2,657	2,479	400	100
<i>Golfing Household Indices</i>						
Total	98	127	179	122	105	100
Public	213	287	385	249	118	100
Private	40	51	74	52	82	100
Premium (>\$70)	48	68	129	73	63	100
Standard (\$40-\$70)	368	526	388	283	98	100
Value (<\$40)	0	1,954	2,163	2,097	285	100
<i>Rounds per 18 Holes</i>						
Rounds Potential (resident golfers)	41,755	53,795	67,452	51,667	45,341	32,810
Estimated Course Rounds (in-market supply)	27,921	27,420	27,293	28,086	30,071	32,809

APPENDIX C - NATIONAL ROUNDS PLAYED REPORT





National Golf Rounds Played Report

Page 2 of 2

OCTOBER 2018

PACIFIC OCT 0.7% YTD 3.9%

CA	-0.2%	3.7%
Los Angeles	-3.9%	-0.3%
Orange County	5.4%	7.7%
Palm Springs	0.9%	3.1%
Sacramento	3.1%	4.5%
San Diego	5.3%	6.8%
San Francisco/Oakland	7.6%	9.1%
HI	7.3%	-5.3%
OR	3.0%	4.4%
Portland	7.0%	9.3%
WA	1.3%	7.2%
Seattle	-2.1%	6.4%

MOUNTAIN	-7.1%	4.6%
AZ	-8.6%	4.1%
Phoenix	-2.6%	5.1%
CO	-12.3%	0.1%
Denver	-6.3%	2.5%
ID, WY, MT, UT	0.3%	9.1%
NM	-14.8%	1.8%
NV	-11.6%	2.0%
Las Vegas	-8.0%	1.7%

WEST NORTH CENTRAL	-15.4%	-6.4%
KS, NE	-14.1%	-4.8%
ND, SD	-15.8%	-15.1%
MN	-20.4%	-6.1%
Minneapolis/St. Paul	-18.2%	-7.7%
IA, MO	-13.4%	-5.8%
St Louis	-0.7%	-5.9%
Kansas City	-12.6%	-1.9%

	OCT	YTD
UNITED STATES	-10.3%	-3.9%
PUBLIC ACCESS	-10.5%	-3.8%
PRIVATE	-9.3%	-4.4%

EAST NORTH CENTRAL -19.1% -6.9%

IL	-10.5%	-5.5%
Chicago	-10.3%	-5.1%
IN	-14.0%	-6.8%
MI	-27.9%	-2.2%
Detroit	-28.2%	-3.5%
OH	-16.8%	-9.7%
Cincinnati	-17.2%	-8.0%
Cleveland	-22.2%	-6.8%
WI	-28.0%	-11.9%

SOUTH CENTRAL -13.9% -5.6%

AL	8.0%	1.9%
AR, LA, MS	-10.1%	-4.5%
KY	-13.2%	-3.1%
OK	-9.7%	-9.3%
TN	-4.3%	-10.7%
Nashville	-7.6%	-8.6%
TX	-22.6%	-5.8%
Dallas/Ft. Worth	-29.8%	-11.8%
Houston	-19.7%	-6.5%
San Antonio	-17.8%	-1.1%

SOUTH ATLANTIC OCT -1.7% YTD -4.8%

DE, DC, MD	-7.2%	-13.0%
Washington/Baltimore	-5.1%	-11.4%
FL	5.9%	-0.8%
Jacksonville/Daytona	5.4%	-1.5%
Orlando	2.5%	2.6%
Tampa	2.0%	-0.4%
Palm Beach	19.7%	5.0%
Sarasota	6.4%	6.2%
Naples/Ft Myers	-4.4%	2.7%
Miami/Ft. Lauderdale	5.1%	-1.3%

GA	6.6%	-2.0%
Atlanta	3.0%	-2.5%
NC	-11.1%	-7.6%
Greensboro/Raleigh	-5.8%	-9.6%
SC	-6.6%	-7.3%
Charleston	2.7%	-1.5%
Hilton Head	-5.3%	-2.6%
Myrtle Beach	-7.3%	-7.8%
VA	-7.7%	-9.8%
WV	-6.4%	-8.1%

MID ATLANTIC -21.0% -10.5%

NJ	-19.3%	-9.0%
NY	-27.4%	-9.3%
New York City	-15.2%	-8.8%
PA	-15.4%	-12.6%
Philadelphia	-15.2%	-10.9%
Pittsburgh	-14.0%	-11.3%

NEW ENGLAND -17.1% -4.2%

CT	-21.7%	-6.2%
MA, RI	-16.0%	-0.7%
Boston	-21.8%	-4.3%
ME, NH, VT	-15.9%	-8.7%

The percentages represent the differences in number of rounds played comparing October 2018 to October 2017.
For more information contact Golf Datatech, golfroundsplayed@golfdatatech.com or call 407-944-4116



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Discussion and Instructions
 Department: CPDS - Development Review
 Responsible Staff: Brian Wilson

Subject

Discussion and Instructions on Project Plan PJT2017-00007, Shady Grove Neighborhood Center, for a Proposed Mixed-Use Center Consisting of Commercial, Office and Residential Uses at 15825 Shady Grove Road, 2 and 4 Choke Cherry Road and 2092-2098 Gaither Road; Lantian/1788/Shady Grove 31 III LLC, Applicants

Recommendation

Provide direction on the development of a resolution that will be brought forth at a future date for a final decision on the proposed Project Plan. Staff recommends that the Mayor and Council consider whether the amount of public parkland, open space and trees to be planted on the site is appropriate, in response to the Planning Commission's recommendation.



Overview

Case: Project Plan PJT2017-00007

Location: 15825 Shady Grove Road, 2092-2098 Gaither Road, 2-4 Choke Cherry Road

Staff: Brian R. Wilson, AICP
 Development Review
 240.314.8227
 bwilson@rockvillemd.gov

Applicant: Lantian/1788/Shady Grove 31, LLC

Filing Date: January 20, 2017

Mayor and Council Public Hearing

At the January 15th Mayor and Council public hearing, three issues were raised by the Mayor and Council. These issues included the mixture of residential housing types, the inclusion of children play areas, and future alignment changes to accommodate CCT. The applicant has provided a response to these concerns in writing (Attached). In addition, WSSC's analysis of the impact on the water and sewer system continues. The proposal will not be brought forth to Mayor and Council for a final decision until WSSC has provided the City with a determination of the necessary off-site improvements needed to accommodate the project.

Executive Summary

The applicant, Lantian/1788/Shady Grove 31 LLC, has submitted a Project Plan application to allow for the construction of a mixed-use development consisting of townhouses, multi-unit dwellings (apartments), retail, office, hotel and institutional uses (see Attachments). The proposal provides a potential range of up to 1,036 apartment units, up to 330 townhouse units, 390,000 square feet of commercial/hotel/institutional uses, and 170,000 square feet of retail uses, with the ability to convert some non-residential space to no more than 300 additional multi-unit dwellings. The project is designed with a central main street terminating at a central green, which then transitions into the townhome portion of the project. The townhouse area utilizes alley access garages to continue the pedestrian-oriented design theme that characterizes the development.

The subject property is approximately 31 acres in size and is located in the MXE (Mixed-Use Employment) Zone. The site is bounded by Shady Grove Road on the west, Choke Cherry Road on the south, and Gaither Road on the north. The eastern portion of the property abuts the King Farm Planned Development. Existing development on the site consists of seven office buildings containing a total of 435,456 square feet.

During the review of the proposed application, staff worked with the applicant to address several issues related to the development concept. Central to the review process was ensuring that the road design and layout was accurately reflected on the concept and the road cross-section schematics. In addition, substantial time was spent on the stormwater management aspects of the design, which resulted in the proposal for a retention pond in the park area at the rear of the site.

The applicant also has worked with staff to ensure that the phasing and type of uses would create a vibrant mixed-use community. Parking on a conceptual level has been considered and

the applicant has demonstrated how the Project Plan's concept design can meet parking demands at the time of Site Plan review.

Forestry requirements were also reviewed in detail. One of the key issues identified was the fact that the 15 % Minimum Tree Cover (MTC) requirement of the Forest and Tree Preservation Ordinance (FTPO) was not compatible with the density of the proposed development, as permitted in the MXE Zone. The Mayor and Council adopted revisions to the FTPO in October 2018 to allow for a reduction of the MTC to 10 % of the site, if 5 % of the site is dedicated as public parkland. In addition, forestry staff have identified the amount of fee-in-lieu requested to meet afforestation requirements as significantly greater than other projects in the city, even for developments in higher-density mixed-use areas located near transit. Staff and the applicant are currently working to resolve that issue, and direction from the Mayor and Council on this issue is needed. The proposal includes provision of 7% of the site as public use space, of which 5% of the entire site will be dedicated as public parkland. Staff and the applicant continue to discuss the usability of the public parkland to be dedicated.

The Planning Commission conducted a review of the application at a public meeting held on December 12, 2018. While the Commission recommended approval of the application, members of the Commission expressed concerns about the resulting level of trees and public parkland to be provided within the project, given the potential amount of residential development proposed. The Commission recommends that the Mayor and Council consider requiring additional tree planting and public parkland as part of the project approval. Detailed Commission comments and recommendations to the Mayor and Council are attached in a separate memo.

The application has been fully reviewed for conceptual compliance with all relevant City codes and policies (forest conservation, stormwater management, utility adequacy and traffic and transportation). Based on that review and the proposed findings and recommended conditions, staff recommends approval of the Project Plan.

Project Description

The applicant is proposing to demolish the seven existing office buildings on the property over a period of years and develop a mixed-use community in their place. Due to the size of the site, the scale of the proposed development, and consistent with the criteria in the Project Impact Point (PIP) calculation, the level of review warranted a Project Plan application. A Project Plan, as defined by the Zoning Ordinance is:

Project Plan - A conceptual plan of development for a major project proposal as determined under the provisions of Section 25.07.02 that must be approved by the Mayor and Council and may encompass multiple buildings or multiple uses, and which may include a phasing plan for completion of the development over time.

The proposal includes up to 1,036 multi-unit dwellings, 330 townhouses, 390,000 square feet of office, hotel or institutional uses, and 170,000 square feet of retail uses. The mix of uses is intended to be flexible, and the applicant has requested that up to 300,000 square feet of non-

residential space have the potential to be converted to no more than 300 multi-unit dwellings as part of future site plan approvals. The applicant has agreed to a minimum of 110,000 square feet of retail use and 150,000 square feet of office, hotel and/or institutional uses. As part of the proposal, the applicant is dedicating approximately 2 acres of land as public park space. The higher density residential and commercial uses have been concentrated at the front half of the site along Shady Grove Road, at a proposed maximum height of 85 feet. The applicant envisions this area acting as a pedestrian-friendly “main street” that terminates at the central park. The back half of the site will consist of up to 330 townhomes, designed with alley access. The applicant has agreed to construct a pond in the public park area at the rear of the site that will accommodate stormwater runoff from both this site and a portion of the surrounding area.

Site Description

Master Plan Land Use:	Restricted Industrial / Office Park
Zoning District:	MXE (Mixed Use Employment)
Existing Use:	Office
Parcel Area:	31 Acres
Existing Building Floor Area:	435,456 square feet of office

Surrounding Land Use and Zoning

	Zoning	Planned Land Use	Existing Use
North	MXE	Restricted Industrial/Office Park	Office Use
East	PD-KF	Planned Development (PD)	King Farm PD single family and townhomes
South	PD-UR	Restricted Industrial/Office Park	Upper Rock PD Apartment and Grocery Store
West	City of Gaithersburg	City of Gaithersburg	Retail Center

Site Analysis

The site is 31 acres in size and includes four parcels located along Shady Grove Road between Gaither Road and Choke Cherry Road: 15825 Shady Grove Road, 2092-2098 Gaither Road, and 2-4 Choke Cherry Road. Zoned MXE (Mixed Use Employment), the property includes office buildings and surface parking lots developed in the 1960s and 1970s. The property is across the street from the Home Depot shopping center in Gaithersburg, and directly abuts both the King Farm Planned Development to the east and the Upper Rock Planned Development to the south.

Project Analysis

Master Plan

The property is in Planning Area 15 (Research/Piccard/King Farm/Fallsgrove) in Rockville's 2002 Comprehensive Master Plan (CMP). Page 12-14 of the CMP states that "The Research/Piccard area is part of the Montgomery County High Technology Corridor", and the Land Use map designates these parcels as Restricted Industrial/Office Park. The area is presented in the plan as appropriate for office/industrial development, though it also notes that "Zoning in the corridor permits certain commercial service activities such as banks and restaurants to support the office/industrial development."

The CMP also states that "There is redevelopment potential in the area on the sites that were developed in the 1970s to a lower density than is currently allowed." Furthermore, it contemplates that an additional mix of uses may be appropriate. On Page 12-15, the CMP states that the former I-3 (Industrial Park) Zone, which was the zone at the time, "contains an optional method of development which allows a greater mix of uses and increased density in proximity to planned or programmed transit stations in order to encourage use of those facilities", though careful consideration should be given to other plan principles and impacts on surrounding areas. With the adoption of the City's Zoning Ordinance in 2009, the MXE ("Mixed Use Employment") zone was created to implement the Restricted Industrial/Office Park designation. The MXE zone allows for mixed use development, including multi-family residential and townhome.

Land Use

With the adoption of the City's Zoning Ordinance in 2009, the MXE Zone was created to implement the Restricted Industrial/Office Park designation. Development consistent with the standards of the MXE Zone can therefore be deemed compatible with the Master Plan. The proposed plan would allow for a mix of different use types in a compatible manner, which is a central goal of the MXE Zone. The pedestrian orientation of the street layout, the location of proposed public open spaces, and the use of limited setbacks with the buildings to frame the street ensures that the proposal will promote both walking and bicycling in the area.

As far as overall Master Plan policies, the proposal is consistent with the following CMP recommendations related to land use and housing:

- Encourage an appropriate balance of office, retail, industrial and residential uses and an emphasis on mixed-use development. (p. 12-1)
- Ensure a mix of housing types and price ranges to meet diverse needs of different sectors of the city's population, with an emphasis on the importance of owner-occupied housing. (p. 2-1)
- Increase opportunities for homeownership for persons of all income levels. (p. 10-1)
- Maintain an appropriate mix of ownership and rental opportunities in the city. (p. 10-1)
- Encourage multifamily housing in mixed-use areas of development. (p. 10-1)

- Create a balance between different housing types. (p. 10-1)
- Encourage the construction of housing alternatives for an aging population. (p. 10-1)

Economic Development

The development would result in the demolition of approximately 435,456 square feet of office space. The plan proposes a maximum of 850,000 square feet of non-residential uses consisting of retail, office, hotel and/or institutional uses such as housing for senior adults or a nursing home. The applicant notes that the new office is not guaranteed, and that its development depends on market conditions. This potential loss of office space for employment is a concern from an economic development perspective but does not represent a conflict with the CMP.

Transportation

Chapter 4, the Transportation element of the CMP, recommends promoting a multimodal transportation system and improving pedestrian and bicycle connections. Therefore, staff recommends providing such connections to integrate Upper Rock and King Farm, to be consistent with the CMP.

The property is in close proximity to the proposed alignment of the Corridor Cities Transitway (CCT), which is supported in the CMP in Chapter 4, Page 4-37. Preliminary plans for the CCT have indicated the potential for a station in the proximity of the intersection of Piccard Drive and King Farm Boulevard. Staff finds that pedestrian, bicycle and vehicular connections provide for good access to the proposed CCT station and to bus routes along Shady Grove Road and other locations.

Open Space

2002 CMP Plan language recommends (Page 6-7) that the City “Require allocation of a minimum of 20% of development area for parkland. The requirement should provide appropriate payment-in-lieu only if the allocation of parkland is not feasible or desirable.” The proposed application does not meet the recommended 20% parkland. However, it is important to note that the CMP language was expressed as a recommendation, and not as policy, and that standard is not a requirement of the Zoning Ordinance. The Ordinance requires 20% of the site to be provided as Open Area, rather than public parkland.

The subject proposal does provide more than 20% of the development area as open space (not parkland), with over 6.2 acres of open area, out of which approximately 1.98 acres will be public use space.

Urban Design

This site has access from Shady Grove Road, which serves as one of the borders and, therefore, entrance areas to the city. The goal for Chapter 9 of the CMP, Community Appearance and Design, is “Use accepted community design principles, environmental, public art, and property maintenance standards to foster a distinct sense of identity for the City.” As such, the appearance and access from Shady Grove Road must be treated as a prominent “gateway” into the city.

Based on the Chapter 9 goal and its subsequent policies, the Public Use space along Shady Grove Road should be developed as an inviting, attractive and usable amenity, with such complementary features as Art in Public Places. Staff notes that such aesthetic amenities will be discussed in detail during the site plan phase of the project, and that the applicant will be required to meet the Publicly Accessible Art requirement which will be reviewed following site plan review and approval. Staff finds that amenities that are consistent with the aesthetics guidelines as outlined in the Streetscape section on Page 9-2 of the CMP, to encourage pedestrian movement should be provided, and notes that the current building configuration and setbacks, along with the proposed Shady Grove shared pathway, lends itself to ensuring that these recommendations are met. The proposed streetscape and architectural elevations will be considered by staff at the time of site plan review to ensure the design guidelines outlined within the Zoning Ordinance have been met.

Chapter 9, on Page 9-3 states that “A large, tall building located in an urban area may be perfectly in scale with its neighbor while it would be out of place along a street lined with shorter buildings.” In the Land Use Element of the CMP (Chapter 2), Page 2-1 policy states “Continue to protect residential areas adjoining growth areas by providing buffer and transition areas.” The project proposal’s approach of siting the taller and nonresidential structures closer to Shady Grove Road and transitioning to townhomes nearer to the residential parts of King Farm is consistent with the vision as outlined in the CMP.

Infrastructure/Adequate Public Facilities Standards (APFS)

Roads and Transportation

The peak hour traffic volumes generated by the site (AM, PM, and Saturday) were calculated using the latest published Maryland-National Capital Park and Planning Commission’s Local Area Transportation Review Guidelines and the ITE Trip Generation Manual, 9th edition, and as scoped in the applicant’s approved scoping agreement. The projected vehicle peak hour trip generation for the buildout and Phase One, less the CTR-allowed peak hour vehicle trip reductions, are shown in the attached tables (Tables 7-1 and 7-2 in the attached Transportation staff report).

As required by the CTR and in addition to the projected site’s peak hour trips, the report includes the projected background traffic. The background traffic includes the combination of growth in existing traffic volumes attributed to development outside the approved study area, with the projected traffic that would be generated by all approved, but not yet built, developments within the study area, as outlined in the approved Scoping Agreement. Using the historical SHA (State Highway Administration), County and City traffic counts and volume maps, staff concurred with the use of one (1) percent per year growth rate for through traffic along MD 355, MD 28, Shady Grove Road and West Gude Drive through 2030, the proposed buildout year, for use in the analysis of background traffic.

For the second component of the calculated background traffic, the report includes the projected AM, PM and Saturday peak hour trips of additional ten approved, but not yet built, development plans that collectively contribute a total of 3,538 AM weekday peak hour trips,

4,068 PM weekday peak hour trips, and 3,421 Saturday peak hour trips to the area road network, as shown in Table 4-1 of the Transportation staff report.

Existing, Background, and Future Peak Hour Traffic Conditions, Analyses, and Findings:

The study and subsequent improvements proposed for the transportation element of the project are divided into two sections: phase 1 and ultimate build-out. For phase one and buildout, the Tables 8-1a and 8-1b show the existing, background, and future peak hour traffic conditions, the associated levels of service (LOS), the corresponding critical lane volumes (CLV), and the calculated volume-to-capacity ratios (V/C) for all sixteen (16) scoped and studied intersections, using the recommended CTR methodology and procedures.

The results shown in the tables for the existing traffic conditions indicate that all sixteen (16) studied intersections are currently operating at or within the City's acceptable standards, during AM, PM and Saturday peak hours, with the exception of the signalized intersections of MD 355 and Shady Grove Road, which exceeds the acceptable V/C threshold of 0.99 with a calculated V/C ratio of 1.024 during the PM peak hour.

Under the background traffic conditions for Phase One (year 2024), and the buildout (year 2030), the results continue to show all sixteen (16) studied intersections would operate at or within the City's acceptable standard, except for the two signalized intersections of MD 355/Shady Grove Road (during both AM and PM peak hours), and MD 355/Redland Boulevard (during the AM peak hour) that would operate with V/C ratios in excess of the standard level of 0.99. The highest reported congestion is at the MD 355/Shady Grove intersection, with reported V/C ratios of 1.126, 1.179, for Phase One background condition, and 1.172, and 1.226, for the buildout background condition, and for the AM and PM peak hours, respectively.

The results under total traffic conditions for Phase One indicate similar traffic operation results above standard operations for the two intersections of MD 355/Shady Grove Road and MD 355/Redland Boulevard. However, the reported increases in V/C ratios for these two intersections with Phase One projected total traffic are less than one full percent over the levels reported for background conditions. The CTR requires mitigation if the reported V/C ratio increases are more than one full percent for any intersection operating above the standard level of 0.99 under background traffic conditions. For all other studied intersections reported to operate at acceptable levels, the reported increase in V/C ratios are less than ten percent (10%) above the levels projected for background conditions, and for which CTR does not require any mitigation.

The reported results for the total buildout traffic conditions indicate that, in addition to the two above-identified intersections, several other intersections would operate with reported V/C ratios that exceed the CTR-recommended acceptable V/C levels of 0.99 during one or more peak commuting hours of AM, PM or Saturday. However, for a number of these intersections, the reported increases in V/C ratios over the reported background levels are at or below the CTR-recommended threshold that warrants any mitigation.

Mitigation measures are needed for the intersections of MD 355/Shady Grove Road, Shady Grove Road/Gaither Road, Shady Grove Road/Choke Cherry Road, Choke Cherry Road/Piccard Drive, and the proposed main access road intersections of proposed Road C/Choke Cherry Road and proposed Road C/Gaither Road, where the reported V/C ratios exceed the reported background levels by more than one full percent for those locations currently operating above the standard level of 0.99, and more than ten (10) percent for reported operating at or within the acceptable V/C standard level of 0.99.

In addition to this level of service analysis, and at staff request, a complete queuing analysis was done for key intersections using the total projected peak hour traffic. The results of detailed queue analysis for the selected signalized and unsignalized intersections are shown on Tables 9-1 and 9-2 in the attached Transportation Staff Report.

Using all this information, staff, in consultation with the applicant, has developed a list of road and intersection improvements, and traffic control devices or measures, that are needed to fully mitigate the reported deficiencies and ensure safe and adequate accommodation of all future peak hour traffic for all modes. These improvement measures are presented later in the Conditions of Approval section.

All of this information, along with the applicant's presentation of the submitted Transportation Report, were provided to the Traffic and Transportation Committee at its special meeting on November 13, 2018. At its December 4, 2018 meeting, the Traffic and Transportation Commission approved the proposed staff conditions with a 6-0 vote.

Water and Sewer

The proposed development is located within the Washington Suburban Sanitary Commission's (WSSC) service area for water and sanitary sewer. The applicant will construct a network of water and sanitary sewer infrastructure to serve the development that complies with all WSSC requirements. The applicant has recently applied for a Hydraulic Planning Analysis (HPA) approval from WSSC, which details the sewer and water service required for the development. For the purposes of an APFS finding as to the adequacy of water and sewer service, approval of the HPA by WSSC is required prior to Project Plan approval.

Schools

The subject property is served by the Gaithersburg High School cluster, including Rosemont ES, Forest Oak MS and Gaithersburg HS. Using the Montgomery County Student Generation Rates for Housing Types (dated January 1, 2017), the proposed development will generate the following number of students: 183 students at the elementary school grade level, 78 students at the middle school level, and 102 students at the high school level.

In 2017, the Mayor and Council adopted amendments to the school standards of the APFS to take into account individual schools in the capacity analysis. A provision was also approved allowing Project Plan applications, submitted prior to July 1, 2017, to be tested based on the standard in effect at the time of application, which was January 20, 2017 for this application. As

a result of the amendment, this application is subject to the test in effect for the 2016-17 school year, which considers student population in the entire cluster at each school level. The analysis using the prior standard indicates that school capacity is present at each school level, and therefore the application meets the schools test with the maximum residential development potential.

School Test: Percent Utilization >120% = Moratorium						
School Type (Gaithersburg Cluster)	Projected 2021-22 Enrollment	Students Generated by Proposed Development	100% MCPS Program Capacity	Enrollment Including Proposed Development	Cluster Percent Utilization in 2021-22	Cluster Percent Utilization in 2021-22 with Proposed Development
Elementary School	4,214	183	3,940	4,397	107.0%	111.6%
Middle School	2,041	70	1,898	2,111	107.5%	111.2%
High School	2,451	92	2,407	2,543	102.0%	105.7%

Transportation and Circulation

Vehicular

The existing development access driveways will be replaced with three access driveways along Shady Grove Road, two of which will be limited to right-in only and one will provide right-in/right-out access to a new north-south road (the proposed Street D); three access driveways along Gaither Road, two of which will be limited to right-in/right-out only with one providing full movement to a new east-west road extending from Choke Cherry Road to Gaither Road (the proposed Street C); and three additional access driveways along Choke Cherry Road; one will be limited to right-in/right-out, one will provide full movement to proposed Street C, and one will provide right-in/right-out/left-in access to proposed Street A that extends to the proposed townhouse portion of the development. Turning templates for emergency, delivery and trash vehicles were reviewed for the site and found to be acceptable.

Bicycle/Pedestrian Access

The submitted plans adequately show provision for all approved and planned pedestrian/bicycle facilities, including the extension of the existing buffered shared use path on the south side of Gaither Road to Shady Grove Road, the buffered shared use path along Shady Grove Road between Choke Cherry and Gaither roads as recommended by the draft Montgomery County Pedestrian and Bicycle Master Plan, the provision of a new sidewalk along the entire subject property's frontage with Choke Cherry Road, and provision of sidewalks along all internal streets within the development. The applicant also has agreed to provide the required number of short-term and long-term bicycle spaces, as required and specified by the Zoning Ordinance, and to show them on subsequent site plan applications.

Transit

Public transportation in the area is provided by Montgomery County Ride-On buses, WMATA Metrorail service, and Maryland Transit Administration MARC train service. Ride-On Route 43 operates between the Shady Grove Metro station, the Adventist HealthCare Shady Grove Medical Center, and the Trville Transit Center. It operates Monday through Friday from 5:00

AM to 11:15 PM, and Saturday from 6:40 AM to 8:45 PM. The site is approximately 1.2 miles from the Shady Grove Metro station. The Washington Grove MARC station is located less than 2 miles from the site.

Historic Resources

The existing buildings located on the site have not been evaluated as to whether they have historical significance. Staff has requested additional information from the applicant so that a final determination may be made in accordance with Sec. 25.07.02.a.4(c).

Environment

Environmental Guidelines

The 31.1-acre site has an approved Natural Resources Inventory/Forest Stand Delineation (NRI/FSD) which identifies all of the natural features in accordance with the Forest and Tree Preservation Ordinance (FTPO) and the Environmental Guidelines. The site does not contain forest, wetlands or 100-year floodplain. However, a perennial stream daylights from an outfall near the southeastern property corner and a 125-foot stream valley buffer consisting of 0.80 acres extends from the outfall. Due to the presence of over 200 individual trees, the existing canopy coverage averages 18% over the entirety of the site per the City's Urban Tree Canopy GIS mapping page.

The applicant submitted and received a response from the Maryland Department of Natural Resources (DNR) confirming there are no State or Federal records indicating that the site contains rare, threatened or endangered species.

Forest and Tree Preservation Ordinance

The proposed project is required to comply with all three of the Forest and Tree Preservation Ordinance (FTPO) requirements: forest conservation (afforestation), significant tree replacement and minimum tree cover. As required by the FTPO, the Preliminary Forest Conservation Plan (Pre-FCP) was submitted along with justification requests for payment in lieu of afforestation and significant tree replacement requirements, and justification for removing specimen trees. The Pre-FCP conditional approval letter included in this staff report provides details on the FTPO requirements.

The afforestation requirement is 15% of the site, or 4.67 acres, of which the applicant requested to pay fee-in-lieu for 3.15 acres, or 67% of the requirement. Based on the FTPO criteria for payment in lieu of afforestation, the City Forester conditionally approved a payment in lieu of 28%, or 1.79 acres, of the required afforestation. If the Mayor and Council approve the density requested by the applicant, then the applicant may meet the justification criteria under Section 10.5-24(a)(1) iv., "Other City development standards" for the additional amount of payment in lieu of afforestation.

The site contains approximately 179 significant trees, which are trees equal to 12" diameter at breast height (DBH) or greater. The project proposes to remove all onsite significant trees except one specimen tree, a 42" black oak at the corner of Shady Grove and Gaither roads. The

removal of the trees trigger a replacement requirement of 278 trees. The applicant's justification request for payment in lieu of 60 trees was approved by the City Forester. The project proposes to remove nine of the ten specimen trees, which are trees greater than 30" DBH. In accordance with Section 10.5-21(e), the applicant's request to remove the nine trees was approved by the City Forester.

As allowed under the amended FTPO, the applicant has requested that the minimum tree cover requirement be reduced from 15% to 10% of the site, with the proposed dedication of 5% of the site as usable parkland. The Director of Recreation and Parks will need to approve a plan which demonstrates that this requirement has been satisfied prior to the applicant receiving full approval of the Pre-FCP.

Since the Pre-FCP submission did not meet the FTPO criteria for the amount of payment in lieu of afforestation, the plan was conditionally approved with the requirement to provide a revised plan which meets the requirements listed under the "Pre-FCP Conditional Approval" section of the Pre-FCP approval letter dated November 16, 2018. The Pre-FCP must be fully approved prior to submission of the first site plan associated with the project.

Landscaping

At the time of each site plan submission, the project will be required to show compliance with the Zoning Ordinance tree planting requirements for providing one street tree per 40 feet of lot frontage within the public right-of-way (Sec. 25.21.21.a) and a minimum of 3 trees per residential lot (Sec. 25.21.21.b), as well as the landscaping requirements for any surface parking lots.

Noise

Noise levels that may be generated during construction must comply with maximum allowable noise levels, as referenced under Sec. 31B-6 of the Montgomery County Noise Ordinance.

Stormwater Management

Stormwater Management (SWM) for this project will be provided in compliance with the Pre-Application SWM Concept Approval Letter dated October 30, 2018. The Pre-Application SWM Concept Approval Letter lists project-specific conditions of approval. On-site SWM is being provided by the applicant through the construction of a SWM pond dedicated to the City of Rockville and in a combination of Environmental Site Design (ESD) measures including planter box bioretention facilities, microbioretention facilities, and bioswales. The SWM pond provides water quality treatment for 17.5 acres of on-site impervious area and 8.9 acres of off-site impervious area that drains through the property. A monetary contribution is being provided by the applicant in lieu of providing on-site quantity management and the remaining on-site water quality management.

Zoning Ordinance Compliance and Regulating Specifications

The subject property is regulated in accordance with the Zoning Ordinance under the provisions of the MXE Zone. For the purposes of this application, the proposed concept plan is a graphic

representation of the overall project. Future site plans submitted will be reviewed for general compliance with the overall concept as presented in the adopting Resolution, and with the Zoning Ordinance.

The proposal will be required to meet the standards of the MXE Zone as well as relevant sections of the mixed-use design guidelines, which will be evaluated at the time of Site Plan review. Development intensity will be restricted/governed by the parameters outlined in the phasing portion of this section.

As part of the MXE district, open space will be provided consistent with the Zoning Ordinance. The applicant has provided the minimum-required open area of 20%, which amounts to 6.2 acres. The applicant has also proposed 1.98 acres, or 7% of the area, to be dedicated as public park at the central green and at the rear of the site, which exceeds the minimum public use space requirement of 5%, and also meets the FTPO requirement of 5% public parkland dedication to allow for a reduction in the Minimum Tree Cover.

Phasing

The proposal has been divided into three phases. The phases are structured as follows:

	<i>Square Footage</i>	<i>Units</i>
<i>PHASE A</i>		
Retail/Grocery	90,000	
Multi-Unit dwellings	549,000	556
Townhouses		124
<i>PHASE B</i>		
<i>(see proposed conversions below)</i>		
Retail	80,000	
Office/Hotel	390,000	
Multiple-Family Units	474,950	480
Townhouses		68
<i>PHASE C</i>		
Townhouses		91
TOTAL NON-RESIDENTIAL	560,000	N/A
TOTAL RESIDENTIAL	1,023,950	1,319

Each of the phases represent “up to” maximums for development intensity with the exception of the townhouses (the townhouse area has been identified as being permitted up to 300 units even though 283 units are shown in the phasing table). As part of the review process, staff

worked with the applicant to commit to some minimum square footage requirements to ensure that the proposal was built with the mixed-use character that is presented through all phases. As a result, the applicant has committed to constructing a baseline minimum amount of non-residential square footage. Each of the above phases has been provided as a general guideline and may shift as the market for the product develops. The overall density restrictions and phasing guidelines are as follows:

- Phasing Boundaries may shift at the time of site plan;
- Phases may be sequenced in any order;
- Total Maximum Non-Residential Square Footage is 560,000 square feet
 - Maximum Retail Square Footage – 170,000 Square Feet
 - Maximum Office/Hotel/Institutional Uses – 390,000 Square Feet
- Total Maximum Residential Units - 1,366 units
 - Maximum Townhomes – 330 Units (May be increased from 300 to 330 if apartment dwellings are decreased on a 2:1 basis)
 - Maximum Apartments – 1,036 Units (May be increased by up to 300 units based on the formula below)
- Total Minimum Non-Residential Square Footage is 260,000 square feet
 - Minimum Retail Square Footage – 110,000 square feet
 - Minimum Office/Hotel and/or Institutional Uses – 150,000 square feet

Within Phase B of the proposed development, the applicant has presented several caveats to provide for flexibility in reacting to market demands. The possible adjustments are as follows:

PHASE B	Conversion Option	Use Converted To
Retail Use	Up to 60,000 sf out of 80,000	60 multiple family units
Office/Hotel Use	Up to 240,000 sf out of 390,000	240 multiple family units
Multiple Family Use	Up to 283,000 square feet may be converted	Senior Housing/Nursing Home
Multiple Family Phase B Max		774,950 sq. ft. (780 units)

Moderately Priced Dwelling Units (MPDU) Ordinance

The applicant will provide a minimum of 12.5% of the residential units as for affordable housing, as required in the MXE Zone. If the unit yield equals the maximum totals provided (1,666 units) with the above-referenced conversions, 205 MPDUs will be provided. The units will be distributed evenly throughout the site. The proposed distribution of all MPDUs will not be determined until the site plan review phase of the project.

Parking

Parking requirements will be reviewed at the time of Site Plan review. In addition to providing off-street parking per the Zoning Ordinance, on-street parking will be provided at a ratio

recommended by the Department of Public Works. The applicant has indicated that parking garages within the mixed-use portion of the development will be available to visitors for the townhouse area. The extent of the availability of structured parking for visitors will be determined at the time of site plan review. Staff believes that the applicant does have the capability to provide a sufficient amount of parking on the site, based on the development scenario proposed.

Public Parkland, Public Use Space and Open Area

The applicant has provided several open space areas within the concept plan. There are four primary areas where open area/public use space has been featured. The first is along the main street area upon entrance to the site from Shady Grove Road. The second is the central green, which is featured prominently at the terminus of the main street. The third and fourth areas are primary to the townhouse area, with one being the “mews,” where townhouses front on open space rather than a street. This is a common feature in traditional neighborhood design, and the term is used to refer to the creation of new housing units which front on an alley or pedestrian passage. The other open area is the public park area at the rear of the site, which is also where the retention pond is located. The development meets the minimum Open Area requirement of 20% of the site (6.22 acres), as well as the minimum Public Use Space requirement of 5% of the site, which is 1.54 acres. The proposal includes 7% public use space, of which 5% of the entire site will be dedicated as public parkland. Staff and the applicant continue to discuss the usability of the public parkland to be dedicated.

Findings

In accordance with Section 25.07.01.b.2, of the Zoning Ordinance, a project plan may be approved only if the Mayor and Council find that the approval of the application will not:

Adversely affect the health or safety of persons residing or working in the neighborhood of the proposed project;

At this initial stage in the development review process of the proposed Project Plan application, staff has found no evidence that the development of a commercial and residential mixed-use arrangement will be detrimental to the health and safety of persons working or living in this area. The proposed development will require improvements to the road, pedestrian, bicycle and sewer infrastructure in this area.

Be in Conflict with the Plan;

The proposal is consistent with the Plan in that the development presents a mix of uses consistent with the MXE Zone, which is the implementing zone for the Restricted Industrial/Office Park designation in the Master Plan. The proposal encourages a mix of housing types and provides multiple family housing within a mixed-use area, as recommended in the plan. The project contemplates dedicated parkland for both the general public and resident use, appropriate pedestrian, bicycle and vehicle connections to bus stations and the future CCT, and it is designed in such a manner to promote a pedestrian-scale style of development that is central to the goals of the Master Plan.

Overburden existing and programmed public facilities as set forth in Article 20 of the Zoning Ordinance and as provided in the adopted Adequate Public facilities Standards;

As required per Sec. 25.20.03.a.3 of the Zoning Ordinance, the proposal is subject to a determination of adequate public facilities compliance. Pursuant to the discussion in the staff report, staff has analyzed the proposed amendment for compliance with the Adequate Public Facilities Standards and has determined that the proposed development will not overburden existing and programmed public facilities, subject to the recommended conditions.

Constitute a violation of any provision of the Zoning Ordinance or other applicable law; or

The proposed Project Plan application as submitted complies with all provisions of the Zoning Ordinance in that a concept plan has been submitted with associated tables and graphics that would act as the development regulations for the area at the time site plans are submitted for review and approval.

Adversely affect the natural resources or environment of the City or surrounding areas.

The applicant has proposed to create a significant amount of park space, including the central green and the area around the retention pond at the rear of the site, including the mew areas in the townhouse section of the proposal. Stormwater management issues have been reviewed by the City and it has been determined that the applicant will be able to feasibly meet stormwater requirements when site plans are submitted, as well as providing for off-site stormwater management.

Conditions and Recommendation

Staff recommends the Mayor & Council approve Project Plan application PJT2017-00007. The proposal meets the findings necessary to approve the project, the proposal advances several stated objectives of the Master Plan, and the proposal is consistent with the requirements of the Zoning Ordinance. To ensure compliance with the findings at the site plan phase, staff recommends approval with the following conditions, to be incorporated into a Mayor and Council resolution of approval:

Community Planning and Development Services

1. The proposed development will be designed in a manner generally consistent with the concept design identified on the Project Site Plan dated September 28, 2018, and all associated exhibits, and shall be considered a valid project plan approval for twenty years from the date of Mayor and Council approval.
2. The proposed development shall be consistent with the Illustrative Phasing Plan dated October 15, 2018. While the phasing boundaries and order of phasing may change, all future site plans shall be consistent with the proposed development intensity identified in the phasing chart, with the associated footnotes.
3. Prior to submission of the first site plan associated with the project plan, the applicant is required to comply with the section titled, "Pre-FCP Conditional Approval" of the Preliminary Forest Conservation Plan approval letter dated November 16, 2018, as may be amended, as determined by the City Forester's office.

4. The applicant shall provide a report to the Chief of Zoning containing an architectural and historical evaluation of the existing buildings, based on the criteria for historic designation in Rockville, per Sec. 25.07.02.a.4(a) of the Zoning Ordinance.

Department of Public Works

5. The applicant shall construct all proposed roads within the Property per City standards and specifications. The right-of-way for all roads within the Property shall be dedicated to public use and be reflected on a Final Record Plat to be reviewed by staff and approved by the Planning Commission and other agencies having jurisdiction of the right-of-way.
6. The applicant shall dedicate for public use right-of-way along Choke Cherry Road and Gaither Road. The right-of-way to be dedicated shall be in accordance with the Project Plan and exhibits. Any deviation must be approved by the Director of Public Works at the Site Plan phase.
7. The street cross-sections for Gaither Road, Choke Cherry Road and Streets A, B, C and D are contingent upon the Mayor and Council's authorization of Road Code Waivers from Chapter 21 of the Rockville City Code. Should the Mayor and Council approve the Road Code Waivers, all street sections shall comply with the Project Plan and exhibits. Any deviation from the sections must be approved by the Director of Public Works at the Site Plan phase.
8. The applicant shall construct a sidewalk along Shady Grove Road in accordance with the Project Plan and exhibits, and per the standards of the Montgomery County Department of Transportation. The applicant shall dedicate an easement for the sidewalk along Shady Grove Road or construct the sidewalk within the Shady Grove right-of-way as permitted by the Montgomery County Department of Permitting Services.
9. Applicant shall grant to the City all Public Improvement Easements (PIE) as shown on the Project Plan and exhibits. Any deviation from the location of the PIE must be approved by the Director of Public Works at the Site Plan phase.
10. Applicant shall construct all necessary public improvements, including but not limited to street trees, streetlights, street light conduit, and traffic signals in accordance with all applicable City standards or the standards of the jurisdiction of the corresponding right-of-way. Public improvements shall be located within the right-of-way or within a Public Improvements Easement as approved by the Director of Public Works.
11. Applicant shall grant a Public Access Easement across the entire width of the privately maintained alleys.
12. Applicant shall execute a Revocable License Agreement authorized by the Mayor and Council for the maintenance of Stormwater Management Facilities located within the public right-of-way prior to the issuance of a Stormwater Management Permit by the Department of Public Works for these facilities.
13. Applicant shall dedicate the parcel containing the proposed Stormwater Management pond to the City of Rockville.
14. Applicant shall obtain approval and comply with all conditions of WSSC's Hydraulic Planning Analysis (HPA).

15. Applicant shall comply with the conditions of DPW's Pre-Application SWM Concept Approval Letter dated October 30, 2018.
16. Applicant shall construct dry utilities underground within Public Utility Easements unless otherwise permitted to be located elsewhere by the Director of Public Works. At the Site Plan phase, the Applicant shall submit a conceptual dry utility plan to be approved by both the utility companies and the Department of Public Works.
17. Applicant shall construct all necessary public infrastructure to support each phase's site plan, including the dedication of right-of-way. The Applicant shall submit, for the approval of the Department of Public Works Director, a plan demonstrating how roads will terminate when the full road is not proposed to be constructed within a single Site Plan.
18. With each Site Plan, the applicant shall submit a phasing plan for pedestrian access, construction access, staging and parking for review and approval by the Department of Public Works. The phasing plan shall demonstrate how the remaining surface parking lots and existing uses of the property will integrate with the proposed development.
19. The applicant shall submit an operations statement for visitor parking at the proposed parking garages and remaining surface parking lots, to be reviewed and approved at the time of Site Plan.

DPW – Transportation

20. The applicant shall submit, for approval by the Chief of Traffic and Transportation, a Trip Reduction Agreement to be finalized prior to any Phase Two site plan approval. The Agreement shall establish the goal of reducing single occupant vehicles by 20% for proposed new office uses at full build-out ("Phase Two" as defined in Condition 3) and must include appropriate peak hour trip reduction strategies to be fully funded and implemented by the applicant.
21. The transportation impact of the proposed project plan has been evaluated in two phases. Phase One shall be limited to generate no more than 644 (273+371) AM, 1,327 (265+1062) PM, and 1,042 (79+963) Saturday peak hour trips. This level of development is based upon 183,798 SF of existing office space to remain plus 70,000 SF of commercial retail, 220 multi-family units, and 120 single-family attached dwelling units.
22. The total development on the proposed site at build-out (Phase One and Phase Two combined) shall be limited to generate no more than 1,451 AM, 2,674 PM, and 2,083 Saturday peak hour trips. This level of development is based upon 220,000 SF of office development, 170,000 SF commercial retail, hotel(s) with up to 240 rooms, 1,036 multi-family units, and 330 single-family attached dwelling units.
23. The applicant may make changes in the mix of uses within each phase of development, without analyzing the traffic impact, as long as the above trip cap for each respective phase is not exceeded.
24. Prior to the approval of the submitted project plan, the applicant shall revise the plan to show a total dedication of 60 feet from the existing center line along the entire property's frontage with Shady Grove Road, with an additional 15-foot wide public access easement for the construction of a shared use path in this portion of the subject property, with all other rights retained by applicant. This is needed to accommodate the

future upgrading of Shady Grove Road to a Major Highway, as recommended by the approved M-NCPPC Master Plan of Highways. Additionally, and within the recommended rights-of-way limits for Shady Grove Road, the plan must show a 10 to 15 foot wide side path separated from the travel lanes by at least a 6-foot wide landscape buffer.

25. Prior to the issuance of any building permits within the subject property and identified as part of Phase One of the development:
 - a. If warranted prior to the issuance of any occupancy permit, the applicant shall design and construct a new traffic signal for the intersection of proposed Access Road C and Choke Cherry Road with all necessary geometric modifications per the City standards and specifications, including all required signal coordination hardware deemed needed by the Montgomery County DOT, such that the operation of this signal can be directly linked to the existing signal at the intersection of Shady Grove Road with Choke Cherry Road.
 - b. As an alternative to requirement 6a, if queueing on Choke Cherry Road indicates that it would be in conflict with Access Road C, the applicant can extend the existing Choke Cherry Road median across the proposed Access Road C, per DPW standards and specifications, and limit the access at this location to right-in and right-out only.
 - c. The applicant shall submit plans for Choke Cherry Road along the property's frontage and recommend timing of construction, including signage and markings, and safe accommodation for pedestrians along the roadway and at all intersection crossings. The applicant shall construct the required improvements on its side of the street within the boundaries of each respective site plan for Phase One development, including the adjustment to medians and minor pavement markings on the opposing side, if needed, prior to the issuance of any occupancy permit.
26. Prior to the issuance of any occupancy permit for any building with frontage along Shady Grove Road, the applicant shall construct a 10 to 15 foot wide side path separated from the travel lanes by at least a 6-foot wide landscape buffer along the property's frontage, between its intersection with Choke Cherry Road and Gaither Road.
27. For Phase Two development, the applicant shall provide full updated warrant studies, including weekdays and Saturdays, per the MD MUTCD procedures and standards, at the intersections identified below for the following traffic signals at the time of each respective site plan:
 - a. If warranted prior to the issuance of any occupancy permit, the applicant shall design and construct a new traffic signal for the intersection of Choke Cherry Road and Piccard Drive, with all necessary geometric and signage modifications per City standards and specifications.
 - b. If warranted prior to the issuance of any occupancy permit for the site plan that triggers its need, the applicant shall design and construct a new traffic signal for the intersection of proposed Access Road C and Gaither Road, with all necessary geometric modifications per the City standards and specifications.
 - c. The applicant shall submit construction plans for Gaither Road from its intersection with Shady Grove Road and along the property's entire frontage as recommended and modified by DPW staff, including the provision of two travel lanes in the

- southbound direction with a landscaped median, and safe accommodation for pedestrians and bicycles at all intersection crossings, including the provision of recommended bicycle facilities per the 2017 Bikeway Master Plan. The applicant shall construct the required improvements prior to the issuance of any occupancy permit for any part of Phase Two development.
- d. The applicant shall submit construction plans for provision of an additional westbound left turn lane on Shady Grove Road at its signalized intersection with Gaither Road and per MCDOT standards and specifications, including all necessary signal, signing and markings modifications per the City and/or MC-DOT standards and specifications. If approved and permitted by MC-DOT, the applicant shall construct the required improvements prior to the issuance of any occupancy permit for any part of Phase Two development.
28. Prior to the full build-out, or expiration of project plan, whichever occurs first, and if approved and permitted by the MC-DOT:
 - a. The applicant shall design and reconstruct the northbound approach of Choke Cherry Road at its signalized intersection with Shady Grove Road to provide for two exclusive left-turn lanes, a shared through-left, and an exclusive right-turn lane, plus all needed geometric improvements along the median of Shady Grove Road and any required signal modifications as deemed appropriate by the City and/or MC-DOT.
 - b. The applicant shall design and reconstruct the northbound approach of Gaither Road at its signalized intersection with Shady Grove Road to provide for two exclusive left-turn lanes, a shared through-left, and an exclusive right-turn lane, along with all needed geometric improvements and signal modifications as deemed appropriate by the City and/or MC-DOT.
 29. Prior to full build-out, or expiration of project plan, whichever occurs first, and if approved and permitted by the MC-DOT and/or MD-SHA, the applicant shall design, and reconstruct the eastbound approach of Shady Grove Road at the signalized intersection with Frederick Road (MD 355) to provide for an additional left-turn lane, converting the existing shared through and left to a through lane, along with all needed geometric improvements and signal modifications as deemed appropriate by the MC-DOT and/or MD-SHA.
 30. With the approval of each site plan, City staff shall identify the extent of the planned road and street network, as well as access accommodations shown on the approved project plan and as modified by DPW, including bicycle facilities along Gaither Road per the 2017 Bikeway Master Plan needed to serve the development proposed by that site plan. As part of each respective site plan, the applicant shall design and construct the improvements and have such improvements opened to traffic, prior to issuance of any occupancy permit for any part of the development contained within that site plan.
 31. With each subsequent site plan, the applicant shall provide short-term and long-term bike racks/storage as required by the Zoning Ordinance.
 32. The Applicant shall pay the City's Transportation Improvement Fee as provided in the Comprehensive Transportation Review (CTR). The one-time fee is equal to \$1.50 per square foot of gross floor area for commercial uses and \$900 per unit of multi-unit residential development. The fee will be due before the building occupancy permit is

issued and will be at the rate applicable at the time of payment, consistent with the development approved in each respective phased site plan.

33. The applicant shall pay the County's Development Impact Taxes, as applicable, subject to the credits allowed by Montgomery County. The applicant shall submit a receipt of payment to the Inspection Services Division of the Department of Community Planning and Development Services, and the Traffic and Transportation Division of the Department of Public Works, prior to the issuance of the occupancy permit for the uses in each respective phased site plan.
34. All internal traffic control devices (i.e. signs, marking and devices placed on, over or adjacent to a roadway or walkway) to regulate, warn or guide pedestrians and/or vehicular traffic, shall comply with the latest edition of the Manual on Uniform Traffic Control Devices (MUTCD). The signing and pavement marking plans shall be submitted to DPW and approved by the Chief of Traffic and Transportation Division prior to building permit. (The approved plan shall be included in the signature set.)

Public Notification and Engagement

Notification of the Mayor & Council Public Hearing has been made consistent with City Code requirements. In addition, in accordance with Sections 25.05.03.c and 25.07.03.c of the Zoning Ordinance, written notice of the Planning Commission public review of Project Plan Application PJT2017-00007 was sent to nearby property owners. The applicant affirmed, via submission of required affidavits, that both written and electronic public notification was provided for all area and public meetings on the subject Project Plan application. Staff has received no correspondence from the public regarding this proposed application.

- Pre-Application Area meeting was held on November 12, 2016 – 12 in attendance.
- Post-Application area meeting was held on February 23, 2017 – 8 in attendance.
- Planning Commission Hearing was held on December 12, 2018.
- Mayor and Council Public Hearing held on January 15, 2019.

Public Hearing Comments from the December 12th Planning Commission Public Hearing:

The Planning Commission heard comments from the public during the Planning Commission review of the proposed application. The primary concerns outlined by the public at that meeting were as follows:

- Concerns raised regarding noise and dust during the construction phase;
- Concerns raised regarding the displacement of businesses occupying the current office buildings.

Mayor and Council History

The proposed application was before the Mayor and Council for its advertised public hearing on January 15th. Although there was no public comment, there was a suggestion by Council members to consider the inclusion of a tot lot playground on the property, as well as consideration of a more diverse mix of housing types (i.e., missing middle-type housing). Previously, the application was in front of Mayor and Council for an information briefing held on March 13, 2017.

Boards and Commissions Review

The Project Plan review process requires briefings for both the Planning Commission and Mayor and Council. The Planning Commission briefing held on March 8, 2017, and the Mayor and Council briefing held on March 13, 2017.

At the two briefings, the following concerns were expressed to the applicant by Commission and Council members:

- ***Expression of concern regarding a lack of playgrounds and tot lots*** – The applicant has since expanded the open space area. Amenities within the open space areas will be determined at the time of site plan approval.
- ***Provide a wide diversity of unit sizes ranging from 1 to 3 bedrooms*** – bedroom mix will be determined at the time of site plan review unless specifically conditioned at the time of project plan approval.
- ***Provide additional MPDUs above the minimum requirement*** – At this time, there is no commitment to provide more than what is required for MPDUs.
- ***Additional Open Space*** – The applicant has since expanded the open space areas at the rear of the site and in the central green.
- ***King Farm shuttle service sharing*** – The applicant is not opposed to this program.
- ***Ensure there is adequate parking for townhome owners and visitors*** – Staff believes adequate parking can be provided through a mixture of on-street parking, parking at each unit, and structured parking within the mixed-use area. This will be detailed at the time of site plan review.
- ***Provide rooftop amenities*** – Specific unit designs will be presented at the time of site plan review and approval.

Following the informational briefings, the applicant worked with staff to revise the proposed concept.

On November 13, 2018, the Traffic and Transportation Commission reviewed the application. Comments from the Commission are provided within the attached Transportation Report and incorporated into the recommended conditions of approval.

At its December 12, 2018 meeting, the Planning Commission recommended approval of the application. After thorough discussion, the Commission determined to express concerns to the Mayor and Council along with its recommendation of approval. These concerns involve the view that the Commission felt that the open space and number of trees to be provided on the site were insufficient, based on the amount of residential density proposed, and recommends that the Mayor and Council consider requiring additional tree planting and open space within the development.

Next Steps

Following Discussion and Instructions, Mayor and Council will review a proposed resolution documenting its decision. The meeting date involving the review of this resolution is tentatively

scheduled for March 25, 2019.

Attachments

Attachment 14.a: Applicant Response to Mayor and Council Public Hearing Concerns (PDF)
Attachment 14.b: PC Memo to Mayor and Council (PDF)
Attachment 14.c: Project Narrative (PDF)
Attachment 14.d: Concept Project Plan 1 (PDF)
Attachment 14.e: Concept Project Plan 2 (PDF)
Attachment 14.f: Concept Phasing and Development Density (PDF)
Attachment 14.g: Transportation Staff Report (PDF)
Attachment 14.h: Response to Mayor and Council Comments at Public Hearing (PDF)



Rob DiSpirito, City Manager

2/21/2019

LINOWES
AND BLOCHER LLP
 ATTORNEYS AT LAW

January 28, 2019

Barbara A. Sears
 bsears@linowes-law.com
 301.961.5157

Mayor and City Council of Rockville
 111 Maryland Avenue
 Rockville, MD 20850

Re: Project Plan PJT2017-00007 - Shady Grove Neighborhood Center ("Project Plan")

Dear Mayor Newton and Councilmembers:

On behalf of Lantian Development LLC ("Applicant"), the purpose of this letter is to respond to the comments of the Mayor and Council made at the January 15, 2019 public hearing on the above-referenced Project Plan. The Mayor and Council requested that the Applicant address the following as the development process proceeds:

- Provision of a mix of residential building types to address affordability, including MPDUs, and workforce and missing middle units
- Incorporation of a tot lot to serve the recreational needs of young children, and
- Future alignment changes made to the Corridor Cities Transitway ("CCT")

Applicant agrees that the above will be evaluated at time of site plan when unit types, mixes, and finer grain recreational facilities are developed. Also, alignment changes, if made to the CCT, will be addressed at this time.

We would appreciate your incorporation of this letter in the record of the Project Plan. Thank you for your continued cooperation.

Very truly yours,

LINOWES AND BLOCHER LLP


 Barbara A. Sears



Mayor and City Council of Rockville
January 28, 2019
Page 2

cc: Rob DiSpirito
Ricky Barker
Tim Chesnutt
Jim Wasilak
Bob Elliott
Shawn Li
Mike Smith
Phillip Hummel



MEMORANDUM

December 31, 2018

TO: Mayor and Council

FROM: Planning Commission

SUBJECT: Recommendation to Mayor & Council: Project Plan PJT2017-00007, Shady Grove Neighborhood Center

At its December 12, 2018 meeting, the Planning Commission considered Project Plan PJT2017-00007, Shady Grove Neighborhood Center, for recommendation to the Mayor and Council. The Commission received testimony from the applicant and their team, as well as from two members of the public. Public testimony came from two tenants in the existing office buildings who expressed concern about the project and its effect on their operations while construction occurs.

After discussion, the Commission voted to recommend approval of the application, based on the recommended findings and conditions of approval in the staff report. The vote on the motion was 5-0-1, with Commissioner Wood abstaining and Commissioner Littlefield absent.

In addition to the recommendation, the Planning Commission wished to include several items of concern noted by individual commissioners for the Mayor and Council's consideration. They are as follows:

- Consider the possibility of more trees on site;
- Consider an increase in the amount of parkland;
- Consider a reduction in the amount of the afforestation fee-in-lieu request, thereby increasing the number of on-site trees required;
- Consider involving Rockville Economic Development, Inc. (REDI) to assist the existing businesses that are impacted by the proposed development;
- Consider a reduction in the overall project density by reducing the number of townhouses on site.

The Planning Commission discussed these items with the understanding that the proposal is at the Project Plan stage, and not at the level of detail required for a site plan. However, concerns were raised regarding the overall intensity of the site, the traffic generated by the mix of these uses, the impact of

the future residents on school capacity and the amount of parkland and trees to be provided on the site. There was a recognition that the stormwater management situation will be much improved as a result of the proposed project, but due to the density of the proposed residential uses, there may be a need for additional parkland. In addition, there was an overall desire to see more trees on the site rather than approving the applicant's entire fee-in-lieu request for afforestation.

Commissioners noted that this is a large site of approximately 31 acres, on which all existing buildings and structures will be demolished to make way for development. This is an opportunity to create parkland and open space that is not possible in other areas of the city. Lack of room for parks and open space was a particular issue in the Rockville Pike Neighborhood Plan, and commissioners hoped development of large tracts of land in other parts of the city would address this issue prospectively.

In summary, the Commission recommended approval of the proposed project. The favorable review comes with the findings and conditions outlined within the staff report, as well as a suggestion to Mayor and Council that some improvements could be made to the overall concept, as noted in this memo.

LINOWES
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January 20, 2017

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Mr. James Wasilak
 Chief of Zoning
 City of Rockville Department of Community Planning and Development Services
 111 Rockville Avenue
 Rockville, Maryland 20850

**Re: Shady Grove Neighborhood Center – Submission of Project Plan Application for
 Redevelopment of 2 Choke Cherry Road, 4 Choke Cherry Road, 15825 Shady
 Grove Road, and 2092, 2094, 2096, and 2098 Gaither Road**

Dear Mr. Wasilak:

Lantian/1788/Shady Grove 31, LLC, Lantian/1788/Shady Grove 31, II, LLC, Lantian/1788/Shady Grove 31, III, LLC, and Lantian/1788/Shady Grove 31, IV, LLC (collectively, the “Applicant”) is filing the required submissions (the “Application”) for a Project Plan application pursuant to Sections 25.07.02 and 25.07.07 of the City of Rockville Zoning Ordinance (the “Zoning Ordinance”). The Application seeks to redevelop the property and existing improvements at 2 Choke Cherry Road, 4 Choke Cherry Road, 15825 Shady Grove Road, and 2092, 2094, 2096 and 2098 Gaither Road (collectively, the “Property”) into a mixed-use community comprising a maximum of 1,600 multiple-unit dwellings and 330 townhouse dwellings, a maximum of 850,000 square feet of non-residential uses, including office, retail, hotel, and/or institutional uses, and attractive open areas, inviting public use spaces, and other amenities (collectively, the “Project”).¹ The Project, as proposed in the Application, appropriately addresses comments on Applicant’s Pre-Application Meeting Submission (PAM 2017-00098, or the “PAM”) received from City staff at the January 5, 2017 pre-application DRC meeting.

Property Background

¹ Adjustments in the development program to achieve any of these maximums will result in reduction of other maximums as explained in the Application’s Illustrative Phasing Plan.

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The Property is comprised of Lots 5 through 8, Danac Technological Park subdivision as depicted on Plat Nos. 8512, 8640, 8869, and 9700 recorded among the Land Records of Montgomery County between 1967 and 1970. The Property contains approximately 31 acres and is improved with approximately 435,456 square feet of office uses. The Property is currently developed with seven office building structures, large surface parking lots, and wide drive aisles. It is zoned Mixed-Use Employment (“MXE”) and is a portion of the land that is bounded by Shady Grove Road to the west, Gaither Road to the north, Choke Cherry Road to the south, and Piccard Drive to the east. The Property confronts Gables’ Upper Rock project to the south (zoned PD-UR), single family detached homes, townhouses, and open space in the King Farm community to the east (zoned PD-KF), office uses to the north (zoned MXE), and retail uses to the west (zoned Mixed Use Development “MXD” in the City of Gaithersburg). The Property is also easily accessible to important transportation facilities, including Interstates 270 and 370, the Intercounty Connector (MD 200), shared use paths along Shady Grove Road, Choke Cherry Road, and Gaither Road, a signed shared roadway along Piccard Drive, the Shady Grove Metrorail station, and the planned Corridor Cities Transitway (the “CCT”), as well as growing mixed-use communities such as King Farm and Crown Farm and established retail development like RIO Washingtonian Center.

The Project

The Project will replace aging office buildings and expansive surface parking lots with a vibrant mixed-use community containing residential, retail, office, hotel, and/or institutional uses, a new grid street pattern to enhance connectivity, and welcoming open spaces. Specifically, in order to ensure flexibility to respond to market conditions, the Project will include a maximum of 1,600 multiple-unit dwellings and 330 townhouse units (including 12.5% Moderately Priced Dwelling Units), a maximum of 850,000 square feet of non-residential uses to include retail, office, hotel, and/or institutional uses such as housing for senior adults or nursing homes, over 10 acres of open area (approximately 3.94 acres of which will be public use space), structured parking, and other amenities.² As noted on the submitted January 20, 2017 Concept Site Development Plan, the mix of uses, areas (square footage), building locations, maximum building heights, and unit counts may vary, but not exceed the foregoing maximums. Applicant has also included a phasing chart and diagram with the Application detailing the Project’s potential build-out.

The Project has been thoughtfully designed to create a dynamic neighborhood center that will serve as an complementary addition to the urbanizing Shady Grove corridor and provide a transition of appropriate scope between the intensive commercial development along Shady

² See FN 1 above.

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Grove Road and the King Farm community. Taller but in-scale structures of up to 85 feet containing office, hotel, multiple-unit dwellings, and/or institutional uses with ground floor retail and structured parking will be located in two blocks along the western portion of the Property. The structured parking facilities are designed to include sufficient off-street spaces, offer easy connections to the Project's mix of uses, and provide direct access to Shady Grove Road (right-in/right-out) to facilitate efficient circulation while limiting traffic on Choke Cherry and Gaither Roads leading into King Farm. A new road between these two blocks will provide access to Shady Grove Road and serve as the Project's pedestrian-friendly "Main Street." The "Main Street" is envisioned to front inviting ground floor retail uses, such as a grocery store, restaurants, and other services, include generous sidewalks, and contain a central neighborhood green substantially increased since the PAM submission with an activating retail use. The "Main Street" will facilitate pedestrian and cyclist circulation by connecting the proposed mixed-use development with a new neighborhood green located in the heart of the Project and serving as an appealing gathering place for residents and visitors. Building heights and uses on the Property's eastern half will appropriately taper down in scale and intensity with townhouse structures that are located within a comfortable walking distance to the Project's mixed-use development. The Project's eastern edge also appropriately relates to the existing confronting residential uses with sufficient building setbacks, open areas, and/or landscaped buffers to comply with the Zoning Ordinance's 30-degree layback slope requirement as illustrated in the Application.

The Project will also include a network of tree-lined streets with improved alignment over the layout presented in the PAM as a result of staff comment, as well as ample sidewalks and on-street parking spaces for visitors that will provide efficient access through the Property and enhance circulation for drivers, cyclists, and pedestrians from the new development and Choke Cherry Road, Gaither Road, and Shady Grove Road. As noted above, the Project's inclusion of two structured garages accessed directly off of Shady Grove Road, combined with maintaining the existing median and right-in/right-out vehicular movements will discourage cut-through traffic and reduce impacts on the King Farm community to the Property's east. The Project also abuts the bikeway master plan crosstown routes of Upper Rock to Potomac Woods and King Farm to Tower Oaks and has been revised after the PAM submission to dedicate land along the Property's Gaither Road frontage for a shared use path, as well as accommodate the construction of a shared used path along the Property's Shady Grove Road frontage. The townhouse units will incorporate rear-loading garages accessible by alleys to promote a traditional neighborhood design.

Since the PAM submission, and at the urging of staff, Applicant has revised the Project to include public use spaces thoughtfully dispersed throughout the Project, including the enlarged central green, attractive mews for pedestrian use only, and new inviting pocket parks, in addition to the state-of-the-art stormwater management facilities, all of which are proposed to result in an over three acre reduction in the Property's impervious surface area when compared to existing

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conditions. Additionally, the Project's mixed-use structures are planned to exhibit a more contemporary design to convey a sense of energy and liveliness. In short, the Project will connect existing neighborhoods like King Farm and Upper Rock with new mixed-use infill development, provide easy access to existing and planned transportation infrastructure, offer new employment opportunities and desirable services, enhance and improve the Shady Grove corridor, provide new recreational opportunities, and build upon the existing community fabric in a compatible fashion.

Procedural Background

Applicant held a pre-application area meeting on November 14, 2016, which was attended by twelve individuals. The notice list, mailing list, notice map, electronic notice sent to all homeowners and civic associations within the City, the Planning Commission, and the Mayor and Council, minutes, sign-in sheet, minutes, and affidavit associated with the November 14, 2016 meeting were submitted to the City on November 21, 2016. Applicant also filed the Pre-Application Meeting Submission (PAM 2017-00098, or the "PAM") on November 21, 2016. Applicant then attended the pre-application DRC meeting with City staff on January 5, 2017.

The post-application area meeting is currently scheduled for February 22, 2017 at 2096 Gaither Road in Rockville. Minutes of that meeting will be submitted with the affidavit package prior to DRC.

Compliance with the Zoning Ordinance's Project Plan Requirements

The Project satisfies the requirements of Section 25.07.01.b.2 of the Zoning Ordinance as follows.

First, approval of the Project will not adversely affect the health or safety of persons residing or working in the neighborhood of the proposed project in accordance with Section 25.07.01.b.2(a) of the Zoning Ordinance. The Project replaces an auto-oriented and dated office park with a new mixed-use community with varied building types, a walkable street grid, a thoughtful suite of public use spaces, plentiful landscaping and plantings, and state-of-the-art stormwater management facilities. Applicant has revised the street layout proposed in the PAM to improve the alignment of alley and street intersections and has enhanced the Project's public use spaces by enlarging the central green, designing the mews for pedestrian use only, and adding multiple pocket parks. Additionally, the Project is compatible with existing development by transitioning from taller building heights, non-residential uses, and structured parking along Shady Grove Road to townhouses and open areas on the Property's eastern half with appropriate setbacks from the King Farm neighborhood. The Project also limits cut-through traffic by locating structured parking along Shady Grove Road and maintaining the existing median and

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right-in/right-out vehicular circulation along Shady Grove Road. Following the PAM, the Project now incorporates the dedication along the Property's Gaither Road frontage for a shared use path, as well as the accommodation of a shared use path along the Property's Shady Grove Road frontage to improve pedestrians and cyclist access. Through infill development, the Project will integrate growing communities like King Farm and Upper Rock with existing retail and office uses in the Shady Grove corridor.

Under Section 25.07.01.b.2(b) of the Zoning Ordinance, the Project will also not be in conflict with the City's 2002 Comprehensive Master Plan (the "Master Plan"), which predates the City's comprehensive revisions to the Zoning Ordinance and City zoning map in December 2008, effective March 2009 (collectively, "RORZOR"). Prior to the RORZOR process, the Property was zoned I-3. The Master Plan recognizes that "[m]any of the I-3 properties have been developed but may have some expansion or redevelopment potential." Master Plan, pg. 2-22. The Master Plan also places the Property within Planning Area 15 (Research/Piccard/King Farm/Fallsgrove) and states "[t]here is redevelopment potential in the area on sites that were developed in the 1970s to a lower density than is currently allowed." Master Plan, pg. 12-14. Redeveloping the Property with the Project harnesses this suitability for redevelopment identified in the Master Plan. Furthermore, the Project is consistent with the Property's MXE zoning achieved through RORZOR, which "allows for medium density development of office, retail, and residential uses" and encourages "[a] mix of office and residential uses[.]" See § 25.13.02 of the Zoning Ordinance. The Project would also advance the stated goals of the Rockville 2040 – Update to the Comprehensive Master Plan citywide forums, which recently identified a desire for more housing options near transit, enhanced connectivity, and new options for activity. The Project is also consistent with the recently adopted Bikeway Master Plan, which envisions improved bicycle mobility, safety, and connectivity, by dedicating along the Property's Gaither Road frontage for a shared use path and accommodating a shared use path along the Property's Shady Grove Road frontage.

Additionally, the Project will not overburden existing and programmed public facilities as required pursuant to Section 25.07.01.b.2(c) of the Zoning Ordinance. In accordance with submission requirements, the Application includes a revised transportation scoping intake form requested and approved by staff since the submission of the PAM, which details the proposed land use density, trip generation, proposed study area of sixteen intersections with nine site driveways included, proposed access points, and statement of operations. Compliance with the City's Adequate Public Facilities Ordinance and Adequate Public Facilities Standards ("APFO" and "APFS," respectively) and Comprehensive Transportation Review ("CTR") for transportation, schools, fire/emergency service protection, water supply, and sewer service will be reviewed in further detail during review of the Application and subsequent site plan application(s) as appropriate. Applicant has submitted the revised transportation scoping intake and a receipt for a WSSC Hydraulic Planning Analysis to facilitate this review.

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Furthermore, the Project will not constitute a violation of any provision of this Code or other applicable law in conformance with Section 25.07.01.b.2(d) of the Zoning Ordinance. As shown on the Concept Project Plan included in the Application, the Project will meet and/or exceed the MXE Zone development standards of Section 25.13.05 of the Zoning Ordinance, including the layback scope regulation of Section 25.13.05.b.2(d) of the Zoning Ordinance where applicable. The Application includes an illustration depicting compliance with the layback scope requirement. Compliance with the MXE Zone development standards will be also be considered during review of subsequent site plan application(s).

The Project will also be consistent with the design guidelines applicable to all mixed use zones from Section 25.13.06 of the Zoning Ordinance. The Project envisions promoting aesthetic and visual interest by using multiple structures that step down from the more intensive commercial and multi-family uses along Shady Grove Road to the residential uses closer to the King Farm community, as well as offers differing building types and façade variations to break up massing. The Project's mixed-use development is intended to incorporate features such as street facing retail uses with ample windows, highly visible building entrances, outdoor seating areas, and pedestrian passageways, while the Project's eastern half proposes a walkable grid of tree-lined streets, pedestrian mews, pleasing pocket parks, and townhouse structures in short rows. Attention will be given to rooflines in order to provide variations, while a range of compatible building materials will be used to convey a sense of place. All mechanical equipment will also be appropriately screened.

With respect to site design and relationship to the surrounding community, the Project will provide ample setbacks and landscaped buffers from the adjacent King Farm community and utilize building heights along the eastern boundary that comply with the Zoning Ordinance's layback slope requirements where applicable. The Project will not provide direct vehicular access to adjacent residential uses. Any outdoor sales areas will be incorporated into the overall design of the building, properly defined, and sufficiently screened. Any trash and recycling areas will also be appropriately located, suitably covered or secured, and/or screened. The Project includes both off-street and on-street parking, all of which will be sited to provide safe, convenient, and efficient access for residents and visitors. The Project's parking structures will achieve a high quality design and convey an architecturally compatible appearance. The Project also intends to provide effective pedestrian and bicycle circulation through a grid network of streets with extensive sidewalks that will connect the Project's mixed-use and townhouse neighborhoods within a comfortable walking distance and include dedicating land along the Property's Gaither Road frontage for a shared use path, as well as accommodating a shared use path along the Property's Shady Grove Road frontage. Additionally, the Project includes a diverse array of pleasing and well-defined community spaces, including a central neighborhood green, pedestrian mews, pocket parks, and a "Main Street" designed to encourage street-level

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activity, as well as provides convenient connections from parking locations to the Project's mix of uses. The design and hours of operation of all delivery and loading spaces will comply with all applicable City guidelines. The Project does not propose any ancillary uses that will have a negative impact on adjacent residential uses, residentially zoned properties, or adjacent properties. The Project will also adhere to all applicable noise abatement, outdoor lighting, and landscaping regulations and guidelines.

The Project is also consistent with the special design regulations for the MXE Zone under Section 25.13.07.c of the Zoning Ordinance. Although the Master Plan does not include specific recommendations regarding building placement, the Project's proposed buildings are intended to be located close to the front property line or at a build-to line. The Project also intends to include ground floor retail and other commercial uses in the envisioned mixed-use structures. Additionally, building facades are designed to be 20 feet high and/or include an expression line at the first floor level and a defined cornice line for building facades over 35 feet high. All of the Project's sidewalks are designed to encourage pedestrian activity and intended to comply with all applicable sidewalk guidelines. The Project's on-site parking, which includes structure parking preferred in the MXE Zone, will adhere to applicable City standards and requirements based on the Project's final mix, number and square footage of uses, including structure facades and screening.

Regarding the special regulations for residential development in the MXE Zone, all residential uses are compatible with adjoining and confronting uses as the Project's multi-unit uses are proposed be sited near existing multi-family and commercial uses, and the Project's townhouse units are intended to be located proximate to the King Farm neighborhood with sufficient setbacks and layback slopes. The Project is also envisioned to include multi-unit dwellings in mixed-use structures containing ground floor retail uses. Additionally, the Project does not propose a structure containing principally office uses where residential uses exceed 20% of the gross floor area and does not include any residential uses in buildings that house primarily service industrial or other primarily industrial uses. Lastly, compliance with the additional design guidelines from Section 25.13.06 of the Zoning Ordinance, as well as with the special design regulations for the MXE Zone from Section 25.13.07.c will also be considered during review of subsequent site plan application(s).

As noted above and as illustrated in the Concept Site Development Plan, the Project will comply with the layback slope regulation, where appropriate, in conformance with Section 25.13.05.b.2(d) of the Zoning Ordinance. Applicant has also included a shadow study with the Application.

Furthermore, the Project's Concept Landscape Plan is intended to satisfy the applicable standards of the City's Landscape, Screening and Lighting Manual as the envisioned structured

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parking facilities will provide a landscaping strip at least 10 feet in width adjoining the Shady Grove Road right-of-way with proposed shade trees, bioretention facilities, and appropriate wetland species plantings. The shade trees are proposed to be planted at a distance of 40 feet on center, with evergreen shrubs at 30 inches in height above the street grade. Pursuant to the Landscape, Screening and Lighting Manual, inclusion of a low wall will permit the reduction of the shrub requirement by 50% to further reduce the visual impact of the parking facility. Additionally, the Project's lighting design will meet the standards of the City's Landscape, Screening and Lighting Manual. Compliance with the Landscape, Screening, and Lighting Manual will also be considered during review of subsequent site plan application(s).

The Project's parking facilities will adhere to applicable parking and loading requirements of Article 16 of the Zoning Ordinance based on the Project's final mix, number and square footage of uses, including structure facades and screening. Compliance with Zoning Ordinance parking standards will also be considered during review of subsequent site plan application(s). The Project's future signage will also comply with the applicable regulations of Article 18; Applicant may seek approval of a comprehensive sign package by the Sign Review Board in the future.

The materials included in the Application also demonstrate compliance with public use space requirements from Article 17 of the Zoning Ordinance. The Project incorporates a wide variety of thoughtfully dispersed public use spaces, including the pedestrian oriented "Main Street," the enlarged central neighborhood green, the modified mews to allow pedestrian only access, additional pocket parks, and areas along the Property's Shady Grove Road frontage. These areas promote an appropriate balance between the built environment, public parks, and other open spaces intended for respite from urban development, as well as protect natural features and preserve the City's character.

The Project will also comply with Chapter 10.5 (Forest and Tree Preservation) of the City Code. As noted in the submitted materials including the Preliminary Forest Conversation Plan (the "Preliminary FCP"), the Project intends to satisfy the 4.67 acre afforestation requirement through a combination of on-site afforestation planting, credits from street tree and individual landscape tree plantings, and a payment in lieu. Applicant has included with the Application written justification demonstrating that reforestation and afforestation cannot be accomplished on site. Additionally, Applicant has included written justification demonstrating the removal of eleven specimen trees. The Preliminary FCP also demonstrates the Project's compliance with applicable requirements in accordance with City practice. Approval of a Development Stormwater Management Concept Package and Preliminary Sediment Control Plan will also be considered during review of subsequent site plan application(s).

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Additionally, the Project will adhere to Chapter 19 (Sediment Control and Stormwater Management) of the City Code. The Pre-Application Storm Water Management Concept Package (the “SWM Concept Plan”) states that the Project will implement environmental site design measures to the maximum extent possible (“ESD to the MEP”) through a combination of green roofs on proposed commercial buildings, micro-retention / planter boxes, and street-side bio-swales, and, if necessary, the existing Shady Grove Research and Development Park regional pond. The facilities and strategies proposed in the SWM Concept Plan are intended to capture and treat runoff from the Project’s impervious surface areas in order to minimize the impact of land development on downstream water resources. Approval of a Final Forest Conservation Plan will also be considered during review of subsequent site plan application(s).

Lastly, the Project will not adversely affect the natural resources or environment of the City or surrounding areas in accordance with Section 25.07.01.b.2(e) of the Zoning Ordinance. The approved NRI/FSD included in the Application notes that there are no forests, wetlands, champion trees, or rare, threatened, or endangered species on the Property. Applicant’s Project will enhance the natural resources or environment of the City by, among other things, reducing reliance on the automobile by creating infill mixed-use development near existing transportation facilities, services, and employment, satisfying requirements for integrating ESD to the MEP, creating new green open areas with extensive new landscaping and tree plantings, and reducing the amount of impervious service area on the Property by over three acres. In sum, the Project will replace a site comprising mostly of surface parking lots with mixed-use development utilizing traditional urban and neighborhood design, state-of-the-art stormwater management facilities, and significant amounts of new landscaping and plantings.

List of Enclosures

- (1) Completed application dated January 18, 2017;
- (2) Application filing fee dated January 19, 2017 (including Sign Fee);
- (3) City Staff Comments from PAM 2017-00098 Pre-Application DRC with point-by-point response letter dated January 20, 2017;
- (4) Concept Site Development Plan dated January 20, 2017 (12 copies);
- (5) NRI/FSD approved by the City of Rockville in April 2016 (FTPO # 2016-00013)
- (6) Conceptual Building Elevations & Floor Plan dated January 20, 2017 (3 copies);
- (7) Revised Transportation Scoping Intake Form (12 copies);

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AND **BLOCHER LLP**
ATTORNEYS AT LAW

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- (8) Concept Landscape Plan dated January 2017 (6 copies);
- (9) Preliminary Forest Conservation Plan dated January 20, 2017 ;
- (10) Pre-Application Storm Water Management Concept Package dated January 2017 (with fee via separate check);
- (11) Receipt for WSSC Hydraulic Planning Analysis dated January 12, 2017;
- (12) Fire Protection Site Plan dated January 20, 2017;
- (13) CD containing electronic copy of all materials

We look forward to working with you on the Application, which will bring a new mixed-use neighborhood close to transportation facilities, established retail and office uses, and maturing communities while creating a gateway to the City of Rockville. Please feel free to contact us if you have any questions.

Very truly yours,

LINOWES AND BLOCHER LLP



Barbara A. Sears



Phillip A. Hummel

Enclosures

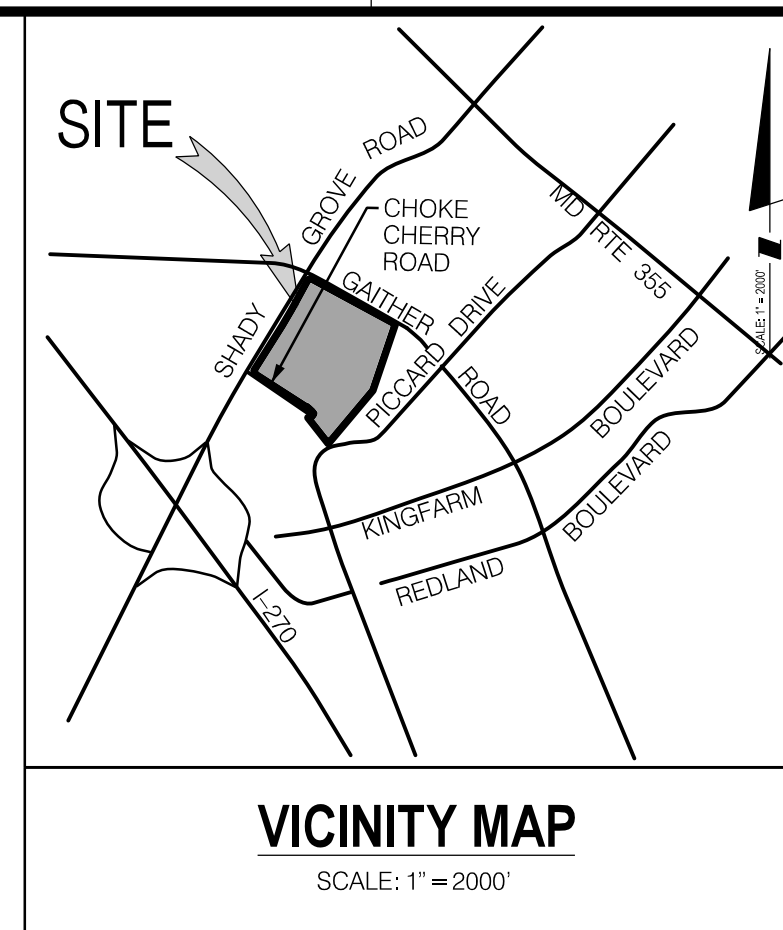
cc: Ms. Susan Swift
Mr. Bobby Ray
Mr. Brian Wilson
Mr. Larry Goodwin
Mr. John Fitzgerald
Mr. Jordan Snow
Mr. Bob Elliott

Mr. James Wasilak
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Mr. Shawn Li
Mr. Rob Goodill
Ms. Elena Romero
Mr. James Soltesz
Mr. Dan Pino
Ms. Amy Zou
Mr. William Zeid

PROJECT PLAN FOR SHADY GROVE NEIGHBORHOOD CENTER

SHADY GROVE ROAD, ROCKVILLE, MARYLAND 20850

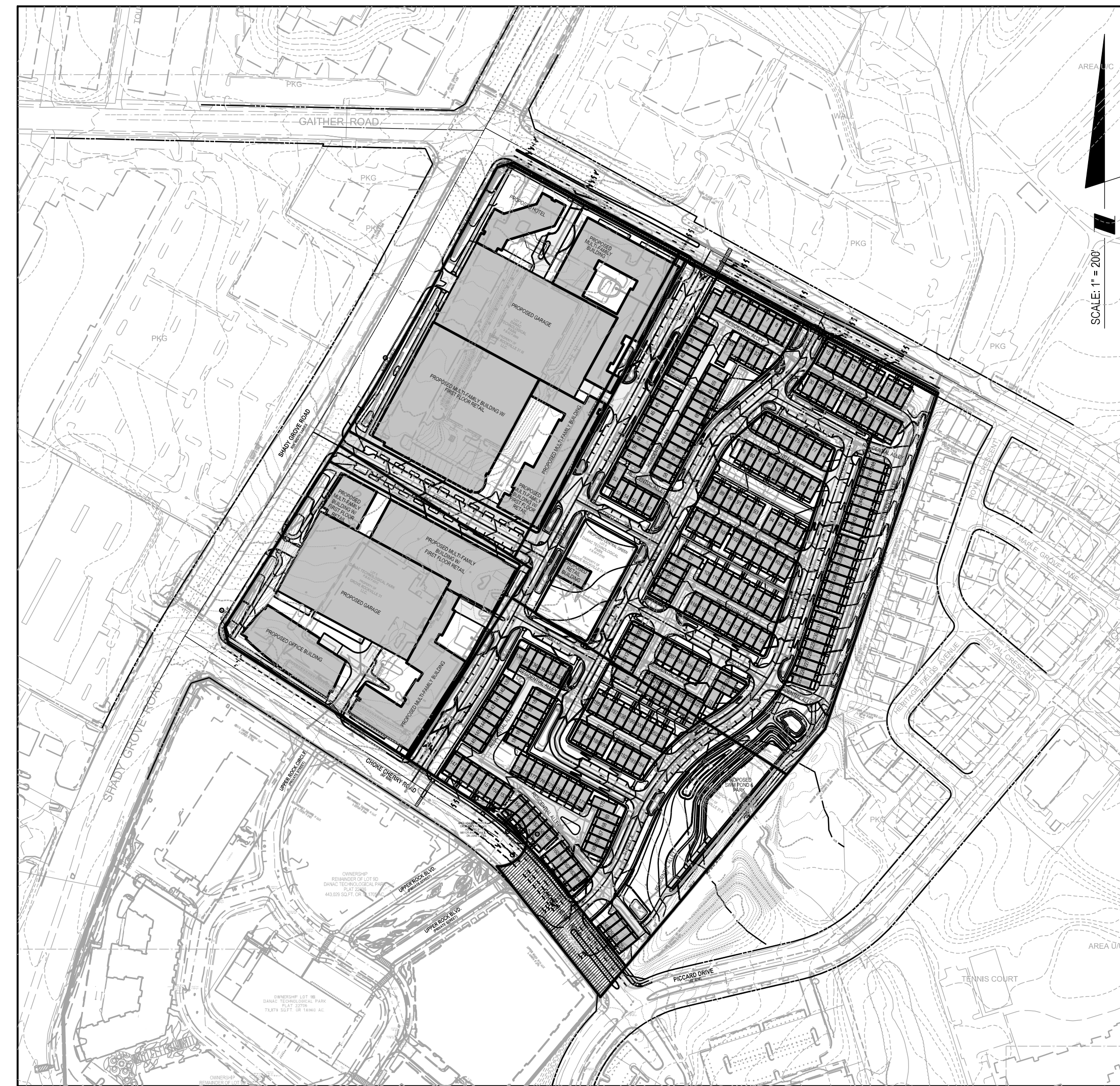


APPLICANT
GROVE ROCKVILLE 31, II, III, IV, LLC
C/O LANTIAN DEVELOPMENT LLC
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1300 SPRING STREET, 4TH FLOOR
SILVER SPRING, MD 20910
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ATTN: ROBERT S. GOODILL

CIVIL ENGINEER
SOLTESZ, INC.
2 RESEARCH PLACE, SUITE 100
ROCKVILLE, MD 20850
PHONE: 301-948-2750
ATTN: DAN PINO



OVERALL PLAN

Notes:

- Project plan is illustrative only. The mix of uses, areas (square footage), building locations, maximum building heights, and unit counts shown hereon may vary.
- The mix of non-residential uses (to include retail, office, hotel, and/or institutional uses) may vary, but shall not exceed a total square footage of 560,000 square feet.
- The mix of residential uses may vary, but shall not exceed 330 townhouse units (with a corresponding 2:1 conversion of multiple-unit dwellings to townhouse units if Site Plan application(s) include more than 300 townhouse units) and 1,336 multiple-unit dwellings.

PLAN LIST

- COVER SHEET
- PROPOSED STREET CROSS SECTIONS
- PROPOSED ROAD CROSS SECTIONS - GAITHER ROAD
- PROPOSED ROAD CROSS SECTIONS - CHOKE CHERRY ROAD
- OVERALL CONCEPT SITE DEVELOPMENT PLAN
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE
- CONCEPT SITE DEVELOPMENT PLAN - 30 SCALE



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www.solteszco.com

2	PROJECT PLAN RESUBMISSION	AZ	09/28/2016
1	PROJECT PLAN RESUBMISSION	AZ	05/16/2016
NO.	REVISIONS	BY	DATE
DATE:	MAY 2018	CAD STANDARDS VERSION:	V8 - 2000
TECHNICIAN:	AZ	CHECKED:	DEP

MISS UTILITY NOTE

INFORMATION CONCERNING EXISTING UNDERGROUND UTILITIES WAS OBTAINED FROM AVAILABLE RECORDS. THE CONTRACTOR MUST DETERMINE THE EXACT LOCATION AND ELEVATION OF ALL EXISTING UTILITIES AND UTILITY CROSSINGS BY DIGGING TEST PITS BY HAND, WELL IN ADVANCE OF THE START OF EXCAVATION. CONTACT "MISS UTILITY" AT 1-800-257-7777, 48 HOURS PRIOR TO THE START OF EXCAVATION. IF CLEARANCES ARE LESS THAN SHOWN ON THIS PLAN OR TWELVE (12) INCHES, WHICHEVER IS LESS, CONTACT THE ENGINEER AND THE UTILITY COMPANY. BEFORE PROCEEDING WITH CONSTRUCTION, CLEARANCES LESS THAN NOTED MAY REQUIRE REVISIONS TO THIS PLAN.

OWNER/DEVELOPER/APPLICANT

GROVE ROCKVILLE 31, II, III, IV, LLC
C/O LANTIAN DEVELOPMENT LLC
4341 MONTGOMERY AVENUE
BETHESDA, MD 20814
PHONE: 301-388-5600
ATTN: ROBERT ELLIOTT

MAP

5164	GRID	A2, B2
TAX MAP	FS 62	MXE
WSSC 200' SHEET	221 NW 9	
SITE DATUM	HORIZONTAL: NAD 83/91	VERTICAL: NGVD 29

PROFESSIONAL CERTIFICATION

I HEREBY CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.
LICENSE NO. 17731, EXPIRATION DATE: 03/23/2020

COVER SHEET

**PROJECT PLAN
SHADY GROVE NEIGHBORHOOD CENTER
DANAC TECHNOLOGICAL PARK**

CITY OF ROCKVILLE, MONTGOMERY COUNTY, MARYLAND



1" = 200'

SHEET 1
OF 11

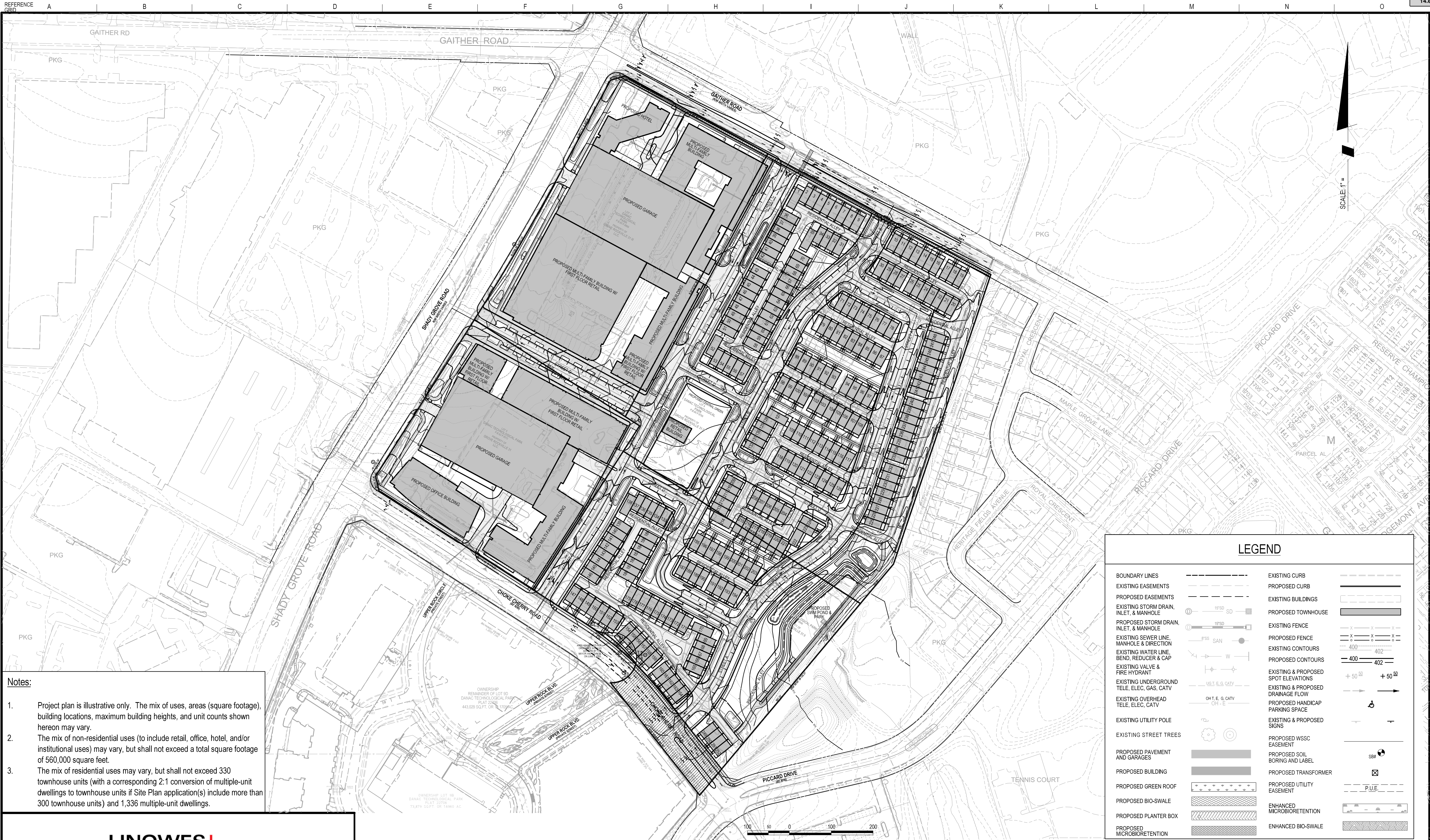
PROJECT NO.
3559-02-00

GENERAL NOTES:

- BOUNDARY INFORMATION BY SOLTESZ, INC., FEBRUARY, 2016, BASED ON AVAILABLE INFORMATION.
- GRID COORDINATES ARE PER MARYLAND STATE PLANE DATUM (NAD 83/91).
- TWO-FOOT CONTOUR INTERVAL AERIAL TOPOGRAPHY PROVIDED BY MCKENZIE SNYDER, INC., IN MAY, 2015.
- SUBJECT PROPERTY IS COMPRISED OF FOUR RECORDED LOTS LOCATED AT 2 CHOKE CHERRY ROAD, 4 CHOKE CHERRY ROAD, 15825 SHADY GROVE ROAD, AND 2092 GAITHER ROAD. LOT 5, 6, 7, 8 OF DANAC TECHNOLOGICAL PARK SUBDIVISION.
- SUBJECT PROPERTY IS ZONED MXE (MIXED USE EMPLOYMENT).
- TOTAL TRACT AREA: 31.1 ACRES.
- SUBJECT PROPERTY IS LOCATED WITH WSSC GRID 221NW09.
- THE SITE IS WITHIN BOTH WATTS BRANCH WATERSHED AND MUDDY BRANCH WATERSHED.
- THERE ARE NO WETLANDS ON THE PROPERTY. A PERENNIAL STREAM DAYLIGHTS AT A STORM DRAIN OUTFALL ALONG THE EASTERN BOUNDARY OF THE SITE.
- THERE IS NO 100-YEAR FLOODPLAIN ON THE PROPERTY.
- THE NATURAL RESOURCE INVENTORY / FOREST STAND DELINEATION FOR SUBJECT PROPERTY WAS APPROVED ON APRIL 15, 2016. FTPO # 2016-00013.
- THE SITE IS NOT WITHIN THE DESIGNATED CITY OF ROCKVILLE HISTORIC DISTRICT AND DOES NOT CONTAIN BUILDINGS OR STRUCTURES IN THE CITY OF ROCKVILLE HISTORIC BUILDING CATALOG.
- WATER AND SEWER CATEGORY: W-1, S-1
- ALL TOWNHOUSE CONSTRUCTION WILL BE SLAB ON GRADE.

Shady Grove Neighborhood Center Project Data Table: MXE Zone (Mixed-Use Employment)		
	Required Development Standards	Proposed
Site Area:		
Gross Tract Area:	NA	31.1 ac
Gaither Road right of way dedication		0.14 ac
Choke Cherry Road right of way dedication		0.52 ac
Net Tract Area		30.44 ac
MXE Zone Development Standards (Sec.26.13.06)		
Maximum Building Height	120'	85'
Min. Lot Width at Front Lot Line	10'	16'
Open Area and Public Use Space Total		
Public Use Space Required within Open Area	20% (6.22 ac, 270,943 sq ft)	20% (6.22 ac, 270,943 sq ft)
	5% (1.54 ac, 67,082 sq ft)	5% (1.54 ac, 67,082 sq ft)
Building Setbacks: (Minimum)		
Public right-of-way abutting	None or 10' min. if provided.	None or 10' min. if provided.
Side setback:		
Residential land abutting:	Greater of 25' or 1/2 height of building.	50'
Non-residential land abutting:	None or 10' min. if provided.	18'
Rear setback:		
Residential land abutting:	Greater of 25' or 1/2 height of building.	54'
Non-residential land abutting:	None or 10' min. if provided.	58'
Proposed Non-Residential Uses: 2 *		
Office		
Retail		
Grocery		
Cafe		
Hotel		
Housing for Senior Adults and Persons with Disabilities / Nursing Home		Up to 560,000 sq. ft.
Proposed Residential Uses: 2 *		
Multi-Family		Up to 1,336 Units
Townhouses		Up to 330 Units
MPDUs *		
12.5% of Units	Up to 205 Units (Up to 1,636 Units)	Up to 205 Units

- Layback Slope: Building height on a confronting property cannot penetrate a layback slope line of thirty (30) degrees, beginning from the closest ground point of the lot line of any property in any residential zone where single unit detached, semi-detached, attached, or townhouse development exists or such development is recommended in the plan, without regard to intervening roads or other transportation facilities. The project will comply with this regulation on the property's eastern boundary as applicable.
- Project plan is illustrative only. The mix of uses, areas (square footage), building locations, maximum building heights, and unit counts shown hereon may vary.
- The mix of non-residential uses (to include retail, office, hotel, and/or institutional uses) may vary, but shall not exceed a total square footage of 560,000 square feet.
- The mix of residential uses may vary, but shall not exceed 330 townhouse units (with a corresponding 2:1 conversion of multiple-unit dwellings to townhouse units if Site Plan application(s) include more than 300 townhouse units), and 1,336 multiple-unit dwellings.
- The project will comply with the applicable City of Rockville MPDU requirements. The affordable units will be proportionally distributed. Senior living will be handled in accordance with applicable law.
- Parking will be determined based on Zoning Ordinance requirements for final mix, number, and square footage of uses.



- Notes:**
- Project plan is illustrative only. The mix of uses, areas (square footage), building locations, maximum building heights, and unit counts shown hereon may vary.
 - The mix of non-residential uses (to include retail, office, hotel, and/or institutional uses) may vary, but shall not exceed a total square footage of 560,000 square feet.
 - The mix of residential uses may vary, but shall not exceed 330 townhouse units (with a corresponding 2:1 conversion of multiple-unit dwellings to townhouse units if Site Plan application(s) include more than 300 townhouse units) and 1,336 multiple-unit dwellings.

LEGEND			
BOUNDARY LINES	---	EXISTING CURB	---
EXISTING EASEMENTS	---	PROPOSED CURB	---
PROPOSED EASEMENTS	---	EXISTING BUILDINGS	---
EXISTING STORM DRAIN, INLET, & MANHOLE	18" SD	PROPOSED TOWNHOUSE	---
PROPOSED STORM DRAIN, INLET, & MANHOLE	18" SD	EXISTING FENCE	X X X X
EXISTING SEWER LINE, MANHOLE & DIRECTION	18" SS SAN	PROPOSED FENCE	X X X X
EXISTING WATER LINE, BEND, REDUCER & CAP	W	EXISTING CONTOURS	400 402
EXISTING VALVE & FIRE HYDRANT	W	PROPOSED CONTOURS	400 402
EXISTING UNDERGROUND TELE, ELEC, GAS, CATV	UO T, E, G, CATV	EXISTING & PROPOSED SPOT ELEVATIONS	+50 50
EXISTING OVERHEAD TELE, ELEC, CATV	OH T, E, G, CATV	EXISTING & PROPOSED DRAINAGE FLOW	→
EXISTING UTILITY POLE	U	PROPOSED HANDICAP PARKING SPACE	♿
EXISTING STREET TREES	T	EXISTING & PROPOSED SIGNS	T
PROPOSED PAVEMENT AND GARAGES	---	PROPOSED WSSC EASEMENT	---
PROPOSED BUILDING	---	PROPOSED SOIL BORING AND LABEL	SBL
PROPOSED GREEN ROOF	---	PROPOSED TRANSFORMER	---
PROPOSED BIO-SWALE	---	PROPOSED UTILITY EASEMENT	---
PROPOSED PLANTER BOX	---	ENHANCED MICROBIOTRETENTION	---
PROPOSED MICROBIOTRETENTION	---	ENHANCED BIO-SWALE	---

LINOWES AND BLOCHER LLP
ATTORNEYS AT LAW

LANTIAN DEVELOPMENT

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2 PROJECT PLAN RESUBMISSION		AZ	09/28/2016	PROFESSIONAL CERTIFICATION	
1 PROJECT PLAN RESUBMISSION		AZ	09/16/2016	I HEREBY CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.	
NO.	REVISIONS	BY	DATE	LICENSE NO.	EXPIRATION DATE: 03/23/2020
DATE:	MAY 2018	CAD STANDARDS VERSION:	V8 - 2000	TECHNICIAN:	AZ
MISS UTILITY NOTE		OWNER/DEVELOPER/APPLICANT		MAP 5164 GRID A2 B2	
INFORMATION CONCERNING EXISTING UNDERGROUND UTILITIES WAS OBTAINED FROM AVAILABLE RECORDS. THE CONTRACTOR MUST DETERMINE THE EXACT LOCATION AND ELEVATION OF ALL EXISTING UTILITIES AND UTILITY CROSSINGS BY DIGGING TEST PITS BY HAND, WELL IN ADVANCE OF THE START OF EXCAVATION. CONTACT "MISS UTILITY" AT 1-800-257-7777 48 HOURS PRIOR TO THE START OF EXCAVATION. IF CLEARANCES ARE LESS THAN SHOWN ON THIS PLAN OR TWELVE (12) INCHES, WHICHEVER IS LESS, CONTACT THE ENGINEER AND THE UTILITY COMPANY BEFORE PROCEEDING WITH CONSTRUCTION. CLEARANCES LESS THAN NOTED MAY REQUIRE REVISIONS TO THIS PLAN.		GROVE ROCKVILLE 31, II, III, IV, LLC C/O LANTIAN DEVELOPMENT LLC 4341 MONTGOMERY AVENUE BETHESDA, MD 20814 PHONE: 301-388-5600 ATTN: ROBERT ELLIOTT		TAX MAP FS 62 ZONING CATEGORY: MXE	
				WSSC 200' SHEET 221 NW 9	
				SITE DATUM HORIZONTAL: NAD 83/91 VERTICAL: NGVD 29	

OVERALL CONCEPT SITE DEVELOPMENT PLAN

PROJECT PLAN
SHADY GROVE NEIGHBORHOOD CENTER
DANAC TECHNOLOGICAL PARK

CITY OF ROCKVILLE, MONTGOMERY COUNTY, MARYLAND

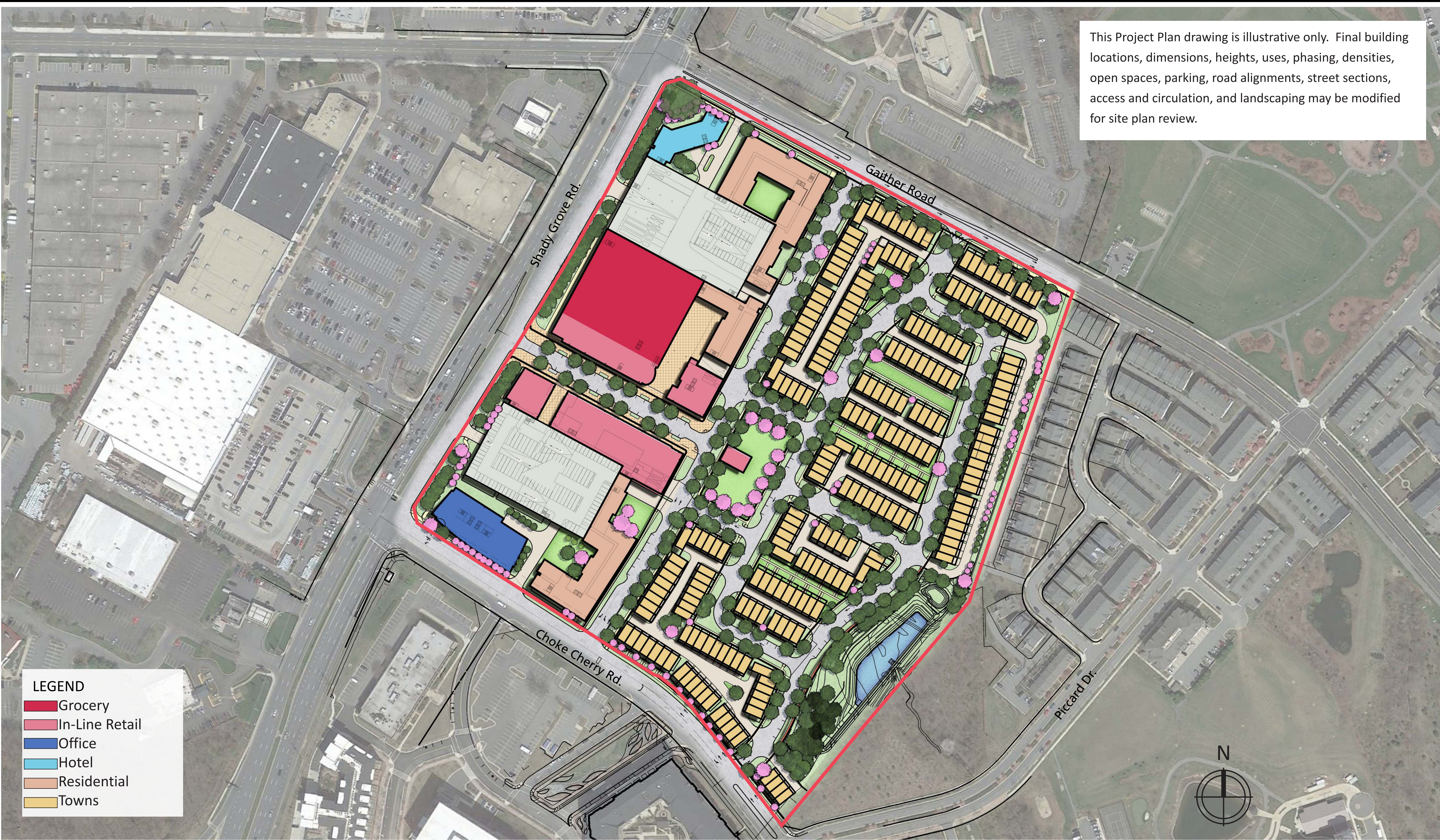
1" = 100'

SHEET 5 OF 11

PROJECT NO. 3559-02-00

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LEGEND

- Grocery
- In-Line Retail
- Office
- Hotel
- Residential
- Towns

Illustrative Project Plan - Ground Floor

LINOWES AND BLOCHER LLP
ATTORNEYS AT LAW

LANTIAN DEVELOPMENT

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NO. _____		BY _____		DATE _____	
DATE: OCTOBER 15, 2018		CAD STANDARDS VERSION: V8 - 2000		TECHNICIAN: AZ	
CHECKED: DEP		MAP: 5164		GRID: A2, B2	
TAX MAP: FS 62		ZONING CATEGORY: MXE		WSSC 200' SHEET	
221 NW 9		SITE DATUM		HORIZONTAL: NAD 83/91	
VERTICAL: NGVD 29					

PROJECT PLAN
SHADY GROVE NEIGHBORHOOD CENTER
DANAC TECHNOLOGICAL PARK
CITY OF ROCKVILLE, MONTGOMERY COUNTY, MARYLAND

1" = 100'

SHEET **EXH-01**

OF **3**

PROJECT NO.: 3559-02-00

PHASING CHART¹

PHASE A:

Retail/Grocery	90,000 sq. ft.
Multiple-Unit Dwellings	Up to 549,000 sq. ft. (up to 556 units)
Townhouses	Up to 124 units

PHASE B:

Retail	Up to 80,000 sq. ft. ²
Office/Hotel	Up to 390,000 sq. ft. ³
Multiple-Unit Dwellings	Up to 474,950 sq. ft. (up to 480 units) ⁴
Townhouses	Up to 68 units

PHASE C:

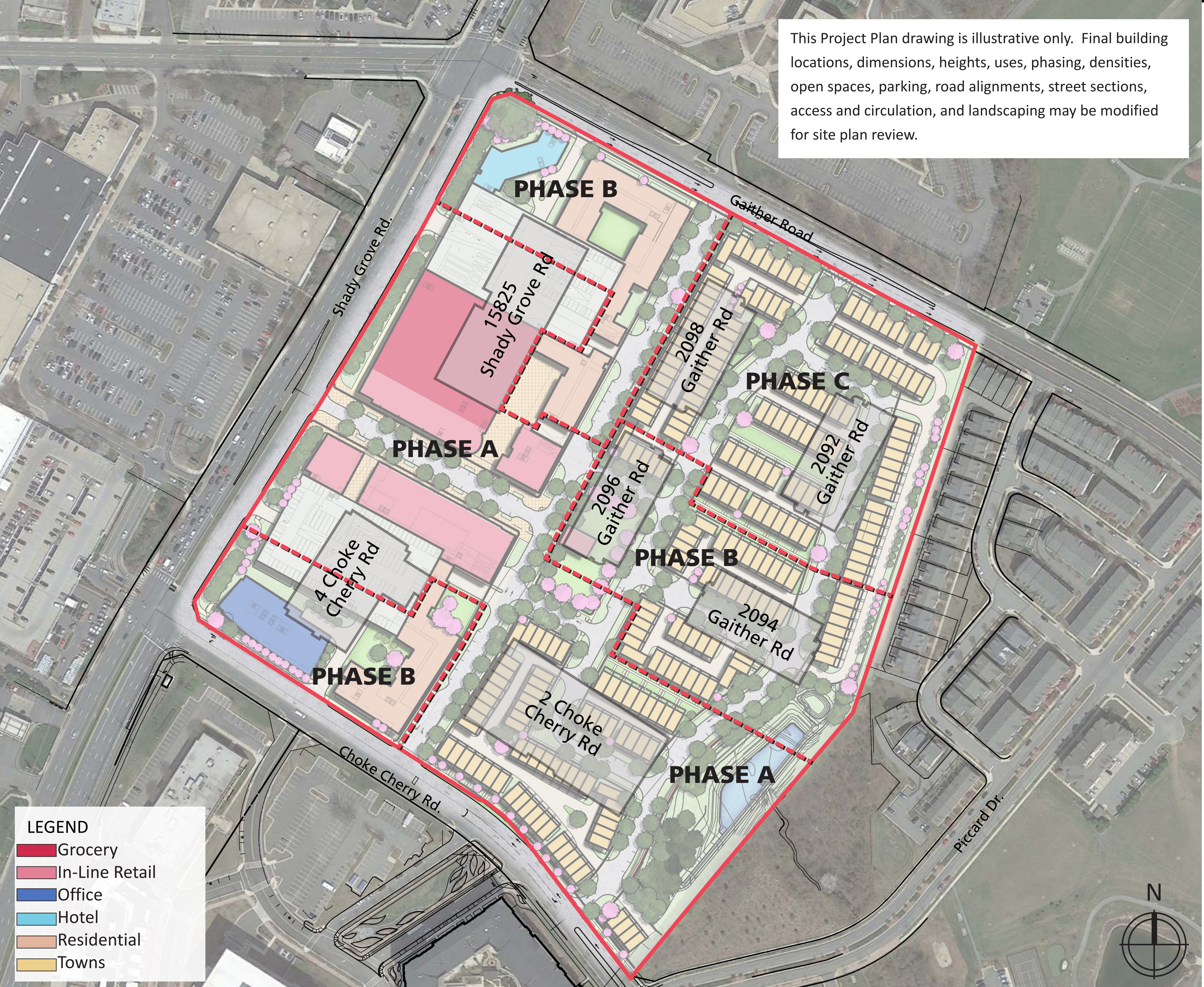
Townhouses	Up to 91 units
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1 Phasing boundaries associated with this Project Plan may be adjusted and the densities of phases shifted at the time of Site Plan approval(s). Phases may be sequenced in any order or combined. Without the potential conversion of non-residential uses to multiple-unit dwelling uses detailed below, the total density may not exceed 560,000 square feet of non-residential uses (including a maximum of 170,000 square feet of retail uses, and a maximum of 390,000 square feet of office/hotel and/or institutional uses), 330 townhouse units, and 1,036 multiple-unit dwellings. With the potential use conversion, the total density may not exceed 260,000 square feet of non-residential uses (including a minimum of 110,000 square feet of retail uses and a minimum of 150,000 square feet of office/hotel and/or institutional uses), 330 townhouse units, and 1,336 multiple-unit dwellings. Total maximum number of townhouse units for all phases (up to 300 units) may be increased up to 330 units if Site Plan application(s) convert multiple-unit dwellings units to townhouse units on a 2:1 basis.

2 Up to 60,000 sq. ft. of retail uses may be converted to 60 multiple-unit dwellings.

3 Up to 240,000 sq. ft. of office/hotel uses may be converted to 240 multiple-unit dwellings.

4 Multiple-unit dwelling uses may be increased to up to 774,950 sq. ft. from converted retail and office/hotel square footage (for a Phase B total of up to 780 multiple-unit dwellings). Up to 283,000 sq. ft. of multi-unit dwelling uses may be converted to housing for senior adults and persons with disabilities and/or nursing homes



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LEGEND

- Grocery
- In-Line Retail
- Office
- Hotel
- Residential
- Towns

Illustrative Phasing Plan

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ATTORNEYS AT LAW

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<p>NO. _____</p> <p>DATE: OCTOBER 15, 2018 CAD STANDARDS VERSION: V8 - 2000 TECHNICIAN: AZ CHECKED: DEP</p>		<p>PROFESSIONAL CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.</p> <p>LICENSE NO. 17731 EXPIRATION DATE: 03/23/2020</p>		<p>PROJECT PLAN</p> <p>SHADY GROVE NEIGHBORHOOD CENTER</p> <p>DANAC TECHNOLOGICAL PARK</p> <p>CITY OF ROCKVILLE, MONTGOMERY COUNTY, MARYLAND</p>	<p></p> <p>1" = 100'</p> <p>SHEET EXH-02</p> <p>OF 3</p> <p>PROJECT NO.: 3559-02-00</p>		
<p>MISS UTILITY NOTE</p> <p>INFORMATION CONCERNING EXISTING UNDERGROUND UTILITIES WAS OBTAINED FROM AVAILABLE RECORDS. THE CONTRACTOR MUST DETERMINE THE EXACT LOCATION AND ELEVATION OF ALL EXISTING UTILITIES AND UTILITY CROSSINGS BY DIGGING TEST PITS BY HAND, WELL IN ADVANCE OF THE START OF EXCAVATION. CONTACT "MISS UTILITY" AT 1-800-257-7777, 48 HOURS PRIOR TO THE START OF EXCAVATION. IF CLEARANCES ARE LESS THAN SHOWN ON THIS PLAN OR TWELVE (12) INCHES, WHICHEVER IS LESS, CONTACT THE ENGINEER AND THE UTILITY COMPANY BEFORE PROCEEDING WITH CONSTRUCTION. CLEARANCES LESS THAN NOTED MAY REQUIRE REVISIONS TO THIS PLAN.</p>		<p>OWNER/DEVELOPER/APPLICANT</p> <p>GROVE ROCKVILLE 31, II, III, IV, LLC C/O LANTIAN DEVELOPMENT LLC 4341 MONTGOMERY AVENUE BETHESDA, MD 20814 PHONE: 301-388-5600 ATTN: ROBERT ELLIOTT</p>				<p>MAP: 5164 GRID: A2, B2</p> <p>TAX MAP: FS 62 ZONING CATEGORY: MXE</p> <p>WSSC 200' SHEET: 221 NW 9</p> <p>SITE DATUM: HORIZONTAL: NAD 83/91 VERTICAL: NGVD 29</p>	

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Packet Pg. 250

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SITE AREA

Total Gross Site Area: 31.1 Acres

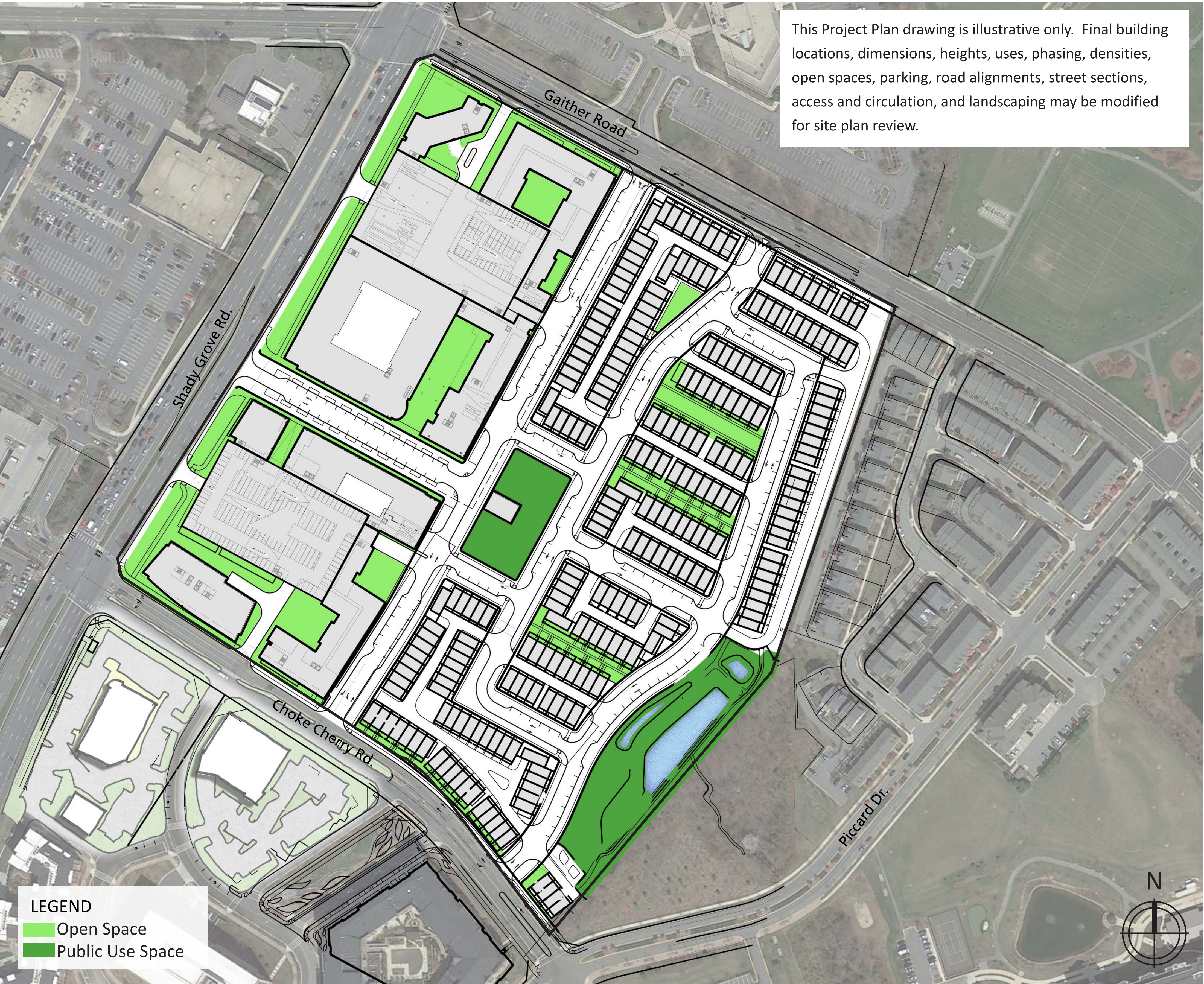
Total Net Site Area: 30.35 Acres

AREA DEDICATED TO PUBLIC PARK & REGIONAL POND

(Based on Net Site Area)
7% OR 1.98 Acres*

OPEN AREA INCLUDING DEDICATED PARK AREA PROVIDED

(Based on Gross Site Area)
20% OR 6.22 Acres



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LEGEND
Open Space
Public Use Space

Illustrative Open Space Diagram



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DEVELOPMENT

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REVISIONS				BY		DATE	
NO.							
DATE	OCTOBER 15, 2018	CAD STANDARDS VERSION	V8 - 2000	TECHNICIAN	AZ	CHECKED	DEP
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4341 MONTGOMERY AVENUE				SITE DATUM	NAD 83/91		
BETHESDA, MD 20814				HORIZONTAL	NAD 83/91		
PHONE: 301-388-5600				VERTICAL	NGVD 29		
ATTN: ROBERT ELLIOTT							

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LICENSE NO. 17731 EXPIRATION DATE: 03/23/2020

PROJECT PLAN
SHADY GROVE NEIGHBORHOOD CENTER
DANAC TECHNOLOGICAL PARK

CITY OF ROCKVILLE, MONTGOMERY COUNTY, MARYLAND



1" = 100'
SHEET EXH-03
OF 3
PROJECT NO.
3559-02-00



MEMORANDUM

November 27, 2018

TO: Jim Wasilak, AICP, Chief of Planning

FROM: Faramarz Mokhtari, Senior Transportation Planner

VIA: Emad Elshafei, Chief of Traffic and Transportation

SUBJECT: Transportation Staff Report
Shady Grove Neighborhood Center, PJT2017-0007

This memorandum presents the Traffic and Transportation Division's recommendation on the proposed and submitted Shady Grove Neighborhood Center Project Plan. These recommendations incorporate and address comments and concerns expressed by City, SHA, M-NCPPC, Montgomery County staff, and the applicant as part of the review process.

PROPOSED DEVELOPMENT:

The applicant seeks approval to redevelop the existing office development (seven buildings totaling 435,506 SF) with a mixed-use development that at buildout will include up to 170,000 SF of retail, 220,000 SF of new office, hotel (s) with 240 rooms, 1,036 multi-family dwelling units and 330 townhome units. The applicant proposes the full redevelopment to be completed within 13 years or a buildout year of 2030. The development is divided in two phases; Phase One will include construction of up to 70,000 SF of retail, 220 multifamily dwelling units, and 120 townhomes and elimination of 251,700 SF of existing office spaces.

SITE ANALYSIS:

The Proposed Shady Grove Neighborhood Center is located along the south side of Shady Grove Road east of I-270, and between Choke Cherry Road to the west and Gaither Road to the east. I-270, MD 355 (Frederick Road), Shady Grove Road, and West Gude Drive provide regional access to the site from points north, south, east and west.

Roadway Network Analysis:

A Transportation Report dated August 27, 2018 along with additional requested analysis prepared in accordance to the City's CTR requirements and standards, were submitted and reviewed by staff to ensure that adequate transportation facilities would continue to exist during, at, and after the completion of the project's first phase, as well as at the projected buildout. The report and additional analysis focused on the access, on-site circulation, roads and intersections, transit, pedestrian, parking and bicycle requirements and needs. The submitted report was also shared for review with the appropriate reviewing agencies.

Trip Generation:

The peak hour traffic volumes generated by the site (AM, PM, and Saturday) were calculated using the latest published Maryland National Capital Park and Planning Commission's Local Area Transportation Review Guidelines and the ITE Trip Generation Manual, 9th edition, and as scoped in the approved applicant's Scoping agreement. The projected vehicle peak hour trip generation for the buildout and Phase One, less the CTR allowed peak hour vehicle trip reductions are shown in the attached tables (Table 7-1, and 7-2), respectively and extracted from the approved Transportation Report.

As required by the CTR and in addition to the projected site's peak hour trips, the report includes the projected background traffic. The background traffic includes combination of growth in existing traffic volumes attributed to development outside the approved study area with the projected traffic that would be generated by all approved but not built developments within the study area outlined in the approved Scoping Agreement. Using the historical SHA, County and City traffic counts and volume maps, staff concurred with the use of one (1) percent per year growth rate for through traffic along MD 355, MD 28, Shady Grove Road and West Gude Drive through 2030, the proposed buildout year, for use in the analysis of background traffic.

For the second component of the calculated background traffic, the report includes the projected AM, PM and Saturday peak hour trips of additional ten approved but not yet build development plans that collectively contribute a total of 3,538 AM weekday peak hour trips, 4,068 PM weekday peak hour trips, and 3,421 Saturday peak hour trips to the area road network, as shown on the attached table (Table 4-1).

Existing, Background, and Future Peak Hour Traffic Conditions, Analyses, and Findings:

For Phase One and the buildout, the attached tables (Table 8-1a and Table 8-1b), show the existing, background, and future peak hour traffic conditions, the associated levels of service (LOS), the corresponding critical lane volumes (CLV), and the calculated volume-to-capacity ratios (V/C) for all sixteen (16) scoped, and studied intersections, using the recommended CTR methodology and procedures.

The results shown in the tables and under the existing traffic conditions indicates that all sixteen (16) studied intersections are currently operating at or within the City's acceptable standards, during AM, PM and Saturday peak hours with the exception of the signalized intersections of MD 355 with and Shady Grove which exceeds the acceptable V/C threshold of 0.99 with a calculated V/C ratio of 1.024 during the PM peak hour.

Under the background traffic conditions for Phase One (year 2024), and the buildout (year 2030), the results continue to show all sixteen (16) studied intersections would operate at or within the City's acceptable standard except for the two signalized intersections of MD 355/ Shady Grove (during both AM and PM peak hours), and MD 355/ Redland (during the AM peak hour) that would operate with V/C ratios in excess of standard level of 0.99. The highest reported congestion is at the MD 355/Shady Grove intersection, with reported V/C ratios of 1.126, 1.179, for Phase One background condition, and 1.172, and 1.226, for the buildout background condition, and for the AM and PM peak hours, respectively.

The results under total traffic conditions for Phase One, indicate similar traffic operation results above standards operations for the two intersections of MD 355/ Shady Grove and MD 355/ Redland. However, the reported increases in V/C ratios for these two intersections with Phase One projected total traffic are less than one full percent over the levels reported for background conditions. The CTR requires

mitigation if the reported V/C ratio increases are more than one full percent for any intersection operating above the standard level of 0.99 under background traffic conditions. For all other studied intersections, reported to operate at acceptable levels, the reported increase in V/C ratios are less than ten percent (10%) above the levels projected for background conditions, which CTR does not require any mitigation.

The reported results for the buildout total traffic conditions, indicate in addition to the two above identified intersections, several other intersections would operate with reported V/C ratios that exceed the CTR recommended acceptable V/C levels of 0.99 during one or more peak commuting hours of AM, PM or Saturday. However, for a number of these intersections, the reported increases in V/C ratios over the reported background levels are at or below the CTR recommended threshold that warrants any mitigation.

For the intersections of MD 355/ Shady Grove, Shady Grove/ Gaither, Shady Grove/ Choke Cherry, Choke Cherry/ Piccard, and the proposed main access road intersections; proposed Road C/ Choke Cherry and proposed Road C/ Gaither, where the reported V/C ratios exceed the reported background levels by more than one full percent for those locations currently operating above the standard level of 0.99, and more than ten (10) percent for reported operating at or within acceptable V/C standard level of 0.99, mitigation measures would be needed.

In addition to these levels of service analysis, and at staff request, a complete queuing analysis was done for key intersections using the total projected peak hour traffic. The results of detailed queue analysis for the selected signalized and unsignalized intersections are shown on the attached tables (Tables 9-1, and Table 9-2), respectively.

Using all these information, staff in consultation with the applicant has developed a list of road and intersection improvements and traffic control devices or measures that are needed to fully mitigate the reported deficiencies and ensure safe and adequate accommodation of all future peak hour traffic and for all modes. These improvement measures are presented later in the Recommendation and Conditions of Approval section as staff recommended approval conditions.

All this information along with an applicant's presentation of the submitted Transportation Report were provided to the Traffic and Transportation Committee at its specially scheduled meeting on November 13, 2018.

Site Access and Circulation:

Passenger Vehicle: The existing development access driveways will be replaced with three access driveways along Shady Grove Road (two of which will be limited to right-in only and one will provide right-in/right-out access to a new north-south road (the proposed Street D), three access driveways along Gaither Road, two of which will be limited to right-in/right-out only and one will provide full movement to a new east-west road extending from Choke Cherry Road to Gaither Road (the proposed Street C), and three additional access driveways along Choke Cherry Road, one of which will be limited to right-in/right-out, one will provide full movement to proposed Street C, and one providing right-in/right-out/left-in access to proposed Street A that extends to proposed townhome portion of the proposed development.

Heavy Vehicle (Trucks): Turning templates for emergency, delivery and trash vehicles were reviewed for the site and found to be acceptable.

Pedestrian/Bicycle Access: The submitted plans adequately shows provision for all approved and planned pedestrian/bicycle facilities including the extension of the existing buffered shared use path on the south side of Gaither Road to Shady Grove, the buffered shared use path along Shady Grove between Choke Cherry and Gaither Roads as recommended by the draft Montgomery County Pedestrian and Bicycle Master Plan, the provision of a new sidewalk along the entire subject property's frontage with Choke Cherry Road, and provision of sidewalks along all internal streets within the development.

The applicant also has agreed to show on subsequent site plan and provide the required number of short-term and long-term bicycle spaces, as required and specified by the Zoning Ordinance.

Transit Access: Public transportation in the area is provided by Montgomery County Ride-On buses, WMATA Metrorail service, and Maryland Transit Administration MARC train service. Ride-On Route 43 operates between the Shady Grove Metro station, the Adventist HealthCare Shady Grove Medical Center, and the Traville Transit Center. It operates Monday through Friday from 5:00 AM to 11:15 PM and Saturday from 6:40 AM to 8:45 PM. The site is approximately 1.2 miles from the Shady Grove Metro station. The station can be accessed via Ride-On Route 43. The Washington Grove MARC station is located less than 2 miles from the site.

Recommendations and Conditions of Approval:

Based on our review and comments received from the reviewing agencies, and by considering the needs of motorists, bicyclists, pedestrians, and transit users; City staff recommends the following traffic and transportation conditions of approval for the subject development application, PJT 2017-0007. For the stated conditions the word "Applicant" shall include the applicant, his heirs, successors, or assigns.

1. The applicant shall submit for approval by City staff a Trip Reduction Agreement to be finalized prior to any Phase Two site plan approval. The Agreement shall establish the goal of reducing single occupant vehicles by 20% for proposed new office uses at full build-out ("Phase Two" as defined in Condition 3) and must include appropriate peak hour trip reduction strategies to be fully funded and implemented by the applicant.
2. The transportation impact of the proposed project plan has been evaluated in two phases. Phase One shall be limited to generate no more than 644 (273+371) AM, 1,327 (265+1062) PM, 1,042 (79+963) Saturday peak hour trips. This level of development is based upon 183,798 SF of existing office space to remain plus 70,000 SF of commercial retail, 220 multi-family units, and 120 single-family attached dwelling units.
3. The total development on the proposed site at build-out (Phase One and Phase Two combined) shall be limited to generate no more than 1,451 AM, 2,674 PM, 2,083 Saturday peak hour trips. This level of development is based upon 220,000 SF of office development, 170,000 SF commercial retail, hotel(s) with up to 240 rooms, 1,036 multi-family units, and 330 single-family attached dwelling units.
4. The applicant may make changes in the development, without analyzing the traffic impact, as long as the above trip cap for each respective phase is not exceeded.
5. Prior to the approval of the submitted project plan, the applicant shall revise the plan to show a total dedication of 60 feet from the existing center lane along the entire property's frontage with Shady Grove Road, with an additional 15-foot wide public access easement for the construction

of a shared use path in this portion of the subject property, with all other rights retained by applicant. This is needed to accommodate the future upgrading of Shady Grove Road to Major Highway as recommended by the approved M-NCPPC Master Plan of Highways. Additionally, and within the recommended rights-of-limits for Shady Grove, the plan must show a 10 to 15 feet wide side path separated from the travel lanes by at least 6 feet wide landscape buffer.

6. Prior to the issuance of any building permits within the subject property and identified as part of Phase One of the planned development:
 1. If warranted prior to the issuance of any occupancy permit, the applicant shall design and construct a new traffic signal for the intersection of proposed Access Road C and Choke Cherry Road with all necessary geometric modifications per the City standards and specifications, including all required signal coordination hardware deemed needed by the Montgomery County DOT, such that the operation of this signal can be directly linked to the existing signal at the intersection of Shady Grove Road with Choke Cherry Road.
 2. As an alternative to requirement 6a, if queueing on Choke Cherry Road indicates that it would be in conflict with Access Road C, the applicant can extend the existing Choke Cherry Road median across the proposed Access Road C, per DPW standards and specifications and limit the access at this location to right-in and right-out only.
 3. The applicant shall submit plans for Choke Cherry Road along the property's frontage and recommend timing of construction, including signage and markings, and safe accommodation for pedestrian along and at all intersection crossings. The applicant shall construct the required improvements on its side of the street within the boundaries of each respective site plan for Phase One development, including the adjustment to median and minor pavement marking on the opposing side, if needed, prior to the issuance of the any occupancy permit.
7. Prior to the issuance of any occupancy permit for any frontage along Shady Grove Road, the applicant shall construct a 10 to 15' wide side path separated from the travel lanes by at least 6' wide landscape buffer and along the property's frontage and between its intersection with Choke Cherry Road and Gaither Road.
8. For Phase Two development, the applicant shall provide full updated warrant studies, including weekdays and Saturdays, per the MD MUTCD procedures and standards, at the intersections identified below for the following traffic signals at time of each respective site plan:
 1. If warranted prior to the issuance of any occupancy permit, the applicant shall design and construct a new traffic signal for the intersection of Choke Cherry Road and Piccard Drive with all necessary geometric and signage modifications per the City standards and specifications.
 2. If warranted prior to the issuance of any occupancy permit for the site plan that triggers its need, the applicant shall design and construct a new traffic signal for the intersection of proposed Access Road C and Gaither Road with all necessary geometric modifications per the City standards and specifications.
 3. The applicant shall submit construction plans for Gaither Road from its intersection with Shady Grove and along the property's entire frontage as recommended and modified by DPW staff, including provision of two travel lanes in southbound direction with landscaped median, and safe

accommodation for pedestrian and bicycles at all intersection crossings including the provision of recommended bicycle facilities per the 2017 Bikeway Master Plan. The applicant shall construct the required improvements prior to the issuance of any occupancy permit for any part of Phase Two development.

4. The applicant shall submit construction plans for provision of an additional westbound left turn lane on Shady Grove Road at its signalized intersection with Gaither Road and per MC-DOT standards and specifications including all necessary signal and signing and markings modifications per the City and/or MC-DOT standards and specifications. If approved and permitted by MC-DOT, the applicant shall construct the required improvements prior to the issuance of any occupancy permit for any part of Phase Two development.
9. Prior to the full build-out, or expiration of project plan, whichever occurs first, and if approved and permitted by the MC-DOT:
 - a. The applicant shall design, and re-construct the northbound approach of Choke Cherry Road at its signalized intersection with Shady Grove Road to provide for two exclusive left-turn lanes, a shared through-left, and an exclusive right-turn lane along with all needed geometric improvements along the median of Shady Grove Road and any required signal modifications as deemed appropriate by the City and/or MC-DOT.
 - b. The applicant shall design, and re-construct the northbound approach of Gaither Road at its signalized intersection with Shady Grove Road to provide for two exclusive left-turn lanes, a shared through-left, and an exclusive right-turn lane along with all needed geometric improvements and signal modifications as deemed appropriate by the City and/or MC-DOT.
10. Prior to the full build-out, or expiration of project plan, whichever occurs first, and if approved and permitted by the MC-DOT and/or MD-SHA, the applicant shall design, and re-construct the eastbound approach of Shady Grove Road at the signalized intersection of Shady Grove Road with Frederick Road (MD 355) to provide for an additional left-turn lane, converting the existing shared through and left to a through lane along with all needed geometric improvements and signal modifications as deemed appropriate by the MC-DOT and/or MD-SHA.
11. With the approval of each site plan, City staff shall identify the extent of the planned road and street network as well access accommodations shown on the approved project plan and as modified by DPW including bicycle facilities along Gaither Road per the 2017 Bikeway Master Plan needed to serve the development proposed by that site plan. As part of each respective site plan, the applicant shall design and construct the improvements and have such improvements opened to traffic prior to issuance of any occupancy permit for any part of the development contained within that site plan.
12. With each subsequent site plan, the applicant shall provide short-term and long-term bike racks/storage as required by the zoning ordinance.
13. The Applicant shall pay the City's Transportation Improvement Fee as provided in the Comprehensive Transportation Review (CTR). The one-time fee is equal to \$1.50 per square foot of gross floor area for commercial uses and \$900 per unit of multi-unit residential development. The fee will be due before the building occupancy permit is issued and will be at the rate applicable at the time of payment consistent with the development approved in each respective phased site plan.

14. The applicant shall pay the County's Development Impact Tax, as applicable, subject to the credits allowed by Montgomery County. The applicant shall submit a receipt of payment to the Inspection Services Division of the Department of Community Planning and Development Services, and the Traffic and Transportation Division of the Department of Public Works, prior to the issuance of the occupancy permit for the uses in each respective phased site plan.
15. All internal traffic control devices (i.e. signs, marking and devices placed on, over or adjacent to a roadway or walkway) to regulate, warn or guide pedestrians and/or vehicular traffic shall comply with the latest edition of the Manual on Uniform Traffic Control Devices (MUTCD). The signing and pavement marking plans shall be submitted to DPW and approved by the Chief of Traffic and Transportation Division prior to building permit. (The approved plan shall be included in the signature set.)

Table 7-1
Full Buildout Trip Generation Summary with Adjustments

Development/Land Use	Rate	Source	Size	Units	AM Peak Hour			PM Peak Hour			SAT Peak Hour ⁽²⁾		
					In	Out	Total	In	Out	Total	In	Out	Total
Existing/Approved Conditions													
<i>(The existing developments include a total of seven (7) office buildings)</i>													
• 15825 Shady Grove Road - Two-Story Office Building - 6.67 Acres			79,195	SF	116	17	133	20	98	118	19	15	34
• 2092 Galther Road - Two-Story Office Building - 3.13 Acres			54,787	SF	80	12	92	14	68	82	13	11	24
• 2094 Galther Road - Two-Story Office Building - 3.13 Acres			54,860	SF	80	12	92	14	68	82	13	11	24
• 2096 Galther Road - Two-Story Office Building - 3.13 Acres			49,789	SF	73	11	84	13	61	74	12	9	21
• 2098 Galther Road - Two-Story Office Building - 3.13 Acres			49,816	SF	73	11	84	13	61	74	12	10	22
• 2 Choke Cherry Road - Two-Story Office Building - 6.99 Acres			88,467	SF	130	19	149	22	110	132	21	17	38
• 4 Choke Cherry Road - Two-Story Office Building - 5.0 Acres			58,592	SF	86	13	99	14	72	86	12	13	25
Subtotal Existing Office Uses Removed	LATR ⁽¹⁾		435,506	SF	638	95	733	110	538	648	102	86	188
Existing Office Uses					638	95	733	110	538	648	102	86	188
Proposed Shady Grove Neighborhood Center Development													
					AM Peak Hour			PM Peak Hour			SAT Peak Hour ⁽²⁾		
					In	Out	Total	In	Out	Total	In	Out	Total
• Retail (Total Trips)					197	181	378	786	725	1,511	642	593	1,235
• <i>Pass-By Trips (AM: 0%, PM: 20%, SAT: 20%)</i>	LATR ⁽¹⁾		170,000	SF									
• <i>Mixed Use Reduction (AM: 5%, PM: 0%, SAT: 0%)</i>	CTR/ITE							151	151	302	124	123	247
• New (Primary) External Trips	CTR				10	9	19						
• Office					187	172	359	635	574	1,209	518	470	988
• TDM Reduction of 20%	LATR ⁽¹⁾		220,000	SF	318	48	366	57	280	337	51	44	95
• Subtotal Office Vehicle Trips	CTR		20%		64	9	73	11	56	67	10	9	19
• Hotel(s) (Total of up to 240 Rooms)					254	39	293	46	224	270	41	35	76
• <i>Mixed Use Reduction (AM: 5%, PM: 5%, SAT: 5%)</i>	ITE ⁽¹⁾		240	RM	64	55	119	73	71	144	95	75	170
• Subtotal Hotel External Trips	CTR				3	3	6	4	3	7	5	4	9
• Subtotal Commercial Vehicle External Trips					61	52	113	69	68	137	90	71	161
• Subtotal Commercial Vehicle External Trips					502	263	765	901	1,017	1,918	773	699	1,472
• Residential - Multi-Family Mid-Rise Apartments	LATR ⁽¹⁾		1,036	DU	84	334	418	322	166	488	253	191	444
• Residential - Single Family Attached	LATR ⁽¹⁾		330	DU	29	141	170	130	64	194	75	64	139
• Subtotal			1,366	DU	113	475	588	452	230	682	328	255	583
• <i>Mixed Use Reduction (AM: 5%, PM: 5%, SAT: 5%)</i>	CTR				6	23	29	23	11	34	16	13	29
• Subtotal Residential External Trips			1,366	DU	107	452	559	429	219	648	312	242	554
Total Proposed Site Trip Generation:					609	715	1,324	1,330	1,236	2,566	1,085	941	2,026
Net Additional Site Trips: Proposed at Buildout vs. Existing Removed					(29)	620	591	1,220	698	1,918	983	855	1,838

Notes: (1) Based on rates contained in M-NCPPC's Local Area Transportation Plan, 2010-2030.

Notes: (1) Based on rates contained in M-NCPPC's Local Area Transportation Review Guidelines.

(2) Based on rates and equations from ITE's Trip Generation, 9th Edition where rates are not provided in the M-NCPPC's Local Area Transportation Review Guidelines. ITE used for all Saturday trips.

Table 7-2
Phase 1 Trip Generation Summary with Adjustments

Development/Land Use	Rate	Source	Size	Units	AM Peak Hour			PM Peak Hour			SAT Peak Hour ⁽²⁾			
					In	Out	Total	In	Out	Total	In	Out	Total	
Existing/Approved Conditions														
<i>(Four of the existing seven buildings would be removed with Phase 1)</i>														
- 2094 Galther Road - Two-Story Office Building - 3.13 Acres			54,860	SF	80	12	92	14	69	83	13	11	24	
- 2096 Galther Road - Two-Story Office Building - 3.13 Acres			49,789	SF	72	11	83	13	63	76	12	10	22	
- 2 Choke Cherry Road - Two-Story Office Building - 6.99 Acres			88,467	SF	128	20	148	23	112	135	21	17	38	
- 4 Choke Cherry Road - Two-Story Office Building - 5.0 Acres			58,592	SF	85	12	97	15	74	89	13	12	25	
Subtotal Phase I Existing Office Uses Removed	LATR ⁽¹⁾		251,708	SF	365	55	420	65	318	383	59	50	109	
Existing Office Uses					365	55	420	65	318	383	59	50	109	
Proposed Phase 1 of the Shady Grove Neighborhood Center Development					AM Peak Hour			PM Peak Hour			SAT Peak Hour ⁽²⁾			
					In	Out	Total	In	Out	Total	In	Out	Total	
- Retail (Total Trips)	LATR ⁽¹⁾		70,000	SF	100	92	192	399	369	768	361	333	694	
<i>Pass-By Trips (AM: 0%, PM: 20%, SAT: 20%)</i>	CTR/ITE				-	-	-	77	77	154	70	62	132	
<i>Mixed Use Reduction (AM: 5%, PM: 0%, SAT: 0%)</i>	CTR				5	5	10	-	-	-	-	-	-	
<i>New (Primary) External Trips</i>					95	87	182	322	292	614	291	264	555	
Subtotal Phase I Commercial External Vehicle Trips					95	87	182	399	369	768	361	333	694	
- Residential - Multi-Family Mid-Rise Apartments	LATR ⁽¹⁾		220	DU	18	73	91	69	36	105	62	47	109	
- Residential - Single Family Attached	LATR ⁽¹⁾		120	DU	10	49	59	62	31	93	42	36	78	
Subtotal			340	DU	28	122	150	131	67	198	104	83	187	
<i>Mixed Use Reduction (AM: 5%, PM: 5%, SAT: 5%)</i>	CTR				1	6	7	7	3	10	5	4	9	
Subtotal Phase I Residential External Trips			340	DU	27	116	142	124	64	188	99	79	178	
Total Phase I Proposed External Site Trips:					122	203	324	523	433	956	460	412	872	
Net Additional Site Trips: Proposed Phase I vs. Existing Removed					(243)	148	(96)	458	115	573	401	362	763	

Notes: (1) Based on rates provided in the 2014 NCHRP Report 650.

Notes: (1) Based on rates contained in M-NCPPC's Local Area Transportation Review Guidelines.

(2) Based on rates and equations from ITE's Trip Generation, 9th Edition where rates are not provided in the M-NCPPC's Local Area Transportation Review Guidelines. ITE used for all Saturday trips.

Table 4-1
Pipeline Development Trip Generation Summary

Development/Land Use	Size	Units	AM Peak Hour			PM Peak Hour			Saturday Peak Hour		
			In	Out	Total	In	Out	Total	In	Out	Total
P1) Discovery South (9601 Blackwell Road) ⁽²⁾											
Existing Office to Medical Office Conversion	128,038 SF		243	64	307	102	262	364	234	176	410
P2) Shady Grove Hanover ⁽²⁾											
Mid-Rise Apartments	366 DU		30	120	150	115	59	174	81	81	162
P3) Shady Grove Station (With Internal Reductions) ⁽³⁾											
Townhomes	752 DU		66	323	389	289	142	431	141	120	261
Mid-Rise Apartment Units	1,458 DU		118	472	590	455	233	688	316	315	631
General Office Uses	131,422 GFA		191	28	219	36	176	212	31	26	57
Retail Site Uses	41,828 GLA		43	39	82	171	157	328	258	239	497
Subtotal - Unadjusted:			418	862	1,280	951	708	1,659	746	700	1,446
Subtotal - Shady Grove Station with Internal Capture Reduction:			279	519	798	558	432	990	438	425	863
P4) Mallory Square ⁽⁴⁾											
Apartments with Ground Floor Retail	682 DU		56	226	282	226	110	336	149	148	297
P5) P146 Shady Grove Metro ⁽⁵⁾											
3 SFD, 36 TH, and 117 Mid-Rise Apt Units Remain to be Built	156 DU		14	56	70	59	30	89	63	58	121
P6) CarMax ⁽⁶⁾											
Mid-Rise Residential Building	405 DU		14	108	122	92	30	122	89	89	178
P7) Falls Grove ⁽⁷⁾											
A) Medical Office (East of Shady Grove Rd. & N. of W. Gude Dr.)	90,308 SF		171	45	216	74	192	266	187	141	328
B1) General Office (Key West Center at Falls Grove)	212,844 SF		308	46	354	56	271	327	50	42	92
B2) General Office (1711 Research Blvd.)	180,000 SF		259	39	298	48	232	280	42	36	78
C) General Office (West of Research Blvd. & North of Gude Dr.)	80,000 SF		111	17	128	23	113	136	19	16	35
Subtotal - All Falls Grove Pipeline Developments:	563,152 SF		849	147	996	201	808	1,009	298	235	533
P8) Research Row ⁽⁸⁾											
New Office	10,165 SF		13	2	15	4	19	23	3	2	5
Retail (Primary Trips w/ 20% PM Reduction)	102,535 SF		100	91	191	320	289	609	373	338	711
Subtotal - Shady Grove Station w/ Internal Capture:	112,700 SF		113	93	206	324	308	632	376	340	716
P9) Potomac Foods ⁽⁹⁾											
Existing:											
Fast Food w/ Drive-Thru (Total) (ITE 934)	6,589 SF		158	141	299	114	101	215	198	191	389
Pass-By			73	73	146	54	54	108	98	97	195
Primary (New)			85	68	153	60	47	107	100	94	194
With Redevelopment:											
Fast Food w/ Drive-Thru (ITE 934)	4,284 SF		94	84	178	69	61	130	129	124	253
Pass-By			44	43	87	33	32	65	64	63	127
Primary (New)			50	41	91	35	29	65	65	61	126
Sandwich Shop	1,467 SF										
Coffee Shop	1,465 SF										
Salad Space	879 SF										
Subtotal Fast Food w/o Drive-Thru (ITE 933)	3,811 SF		80	70	150	48	42	90	102	106	208
Pass-By			37	36	73	23	22	45	52	52	104
Primary (New)			43	34	77	25	20	45	50	54	104
Total Primary (New) With Redevelopment	8,095 SF		93	75	168	61	49	110	115	115	230
Potomac Foods - Net Change in New (Primary) trips:	1,506 SF		8	7	15	1	2	3	15	21	36
P10) Redland Corporate Center ⁽¹⁰⁾											
Phases I, II, & III Office Trips with TDM Reduction of 20%	302,500 SF		358	54	412	59	290	349	57	48	105
Total Area Pipeline Development:			1,964	1,394	3,358	1,737	2,331	4,068	1,800	1,621	3,421

Notes:

- (1) The weekday 9601 Blackwell Road trip generation was taken from the approved 9601 Blackwell Road LATR. Saturday trip generation was calculated using ITE rates/equations.
- (2) The weekday Shady Grove Hanover trip generation was taken from the approved Mallory Square LATR. Saturday trip generation was calculated using ITE rates/equations.
- (3) The weekday Shady Grove Station trip generation, with internal capture reductions, was taken from the approved Shady Grove Station LATR. Saturday trip generation was calculated using ITE rates/equations and internal reductions consistent with the weekday PM peak hour.
- (4) The weekday Mallory Square trip generation was taken from the approved Mallory Square LATR. Saturday trip generation was calculated using ITE rates/equations.
- (5) The weekday Shady Grove Metro trip generation was taken from the 15931 N. Frederick Rd. CTR. Saturday trip generation was calculated using ITE rates/equations.
- (6) The weekday trip generation for the CarMax site was taken from the 15931 N. Frederick Road CTR. Saturday trip generation was calculated using ITE rates/equations.
- (7) The weekday and Saturday Falls Grove developments trip generation was taken from the Research Row CTR.
- (8) The weekday and Saturday Research Row trip generation includes the Office and the Retail Primary Trips and was taken from the approved Research Row CTR. The Passby trips were not included since those trips are not present at the study intersections for this study.
- (9) Weekday trip generation taken from Conditional Use CU-17-03 for Potomac Foods. Saturday trip generation calculated using ITE rates/equations.
- (10) The weekday trip generation for the Redland Corporate Center office addition was taken from the Redland Corporate Center CTR. The Saturday trip generation was calculated using the ITE rates/equations and assuming a 20% TDM reduction.

Table 8-1a
2024 Phase 1 Future Conditions CLV & V/C Summary

Intersection	Congestion Standard			V/C Ratio Threshold	MOE	2017 Existing			Background (No Build)			Total Future (Build)			Development Impact (Phase 1 vs Background)		
	AM	PM	SAT			AM	PM	SAT	2024			Phase 1: 2024			AM	PM	SAT
									AM	PM	SAT	AM	PM	SAT			
1. MD-355/Redland Road	1550	1550	1550	0.99	CLV	1439	1344	950	1592	1458	1102	1583	1470	1112	-9	12	10
Signalized					v/c	0.928	0.867	0.613	1.027	0.941	0.711	1.021	0.948	0.717	-0.006	0.007	0.006
					LOS	E	D	B	F	E	C	F	E	C	<0.010		
2. MD-355/Shady Grove Road	1550	1550	1550	0.99	CLV	1504	1587	1309	1746	1828	1476	1760	1841	1496	14	13	20
Signalized					v/c	0.970	1.024	0.845	1.126	1.179	0.952	1.135	1.188	0.965	0.009	0.009	0.013
					LOS	E	F	D	F	F	E	F	F	E	<0.010	<0.010	
3. I-370 Ramp/Shady Grove Road	1650	1650	1600	0.99	CLV	1192	974	791	1377	1153	918	1354	1171	945	-23	18	27
Signalized					v/c	0.722	0.590	0.494	0.835	0.699	0.574	0.821	0.710	0.591	-0.014	0.011	0.017
					LOS	C	A	A	D	B	A	D	C	A			
4. Gaither Road/Shady Grove Road	1550	1550	1500	0.99	CLV	1033	1290	901	1162	1455	1012	1147	1455	1026	-15	0	14
Signalized					v/c	0.666	0.832	0.601	0.750	0.939	0.675	0.740	0.939	0.684	-0.010	0	0.009
					LOS	B	D	B	C	E	B	C	E	B			
5. Gaither Road/Piccard Drive	1600	1600	1600	0.89	CLV	355	365	243	523	542	384	499	578	427	-24	36	43
Signalized					v/c	0.222	0.228	0.152	0.327	0.339	0.240	0.312	0.361	0.267	-0.015	0.022	0.027
					LOS	A	A	A	A	A	A	A	A	A			
6. Gaither Road/King Farm Boulevard	1400	1500	1400	0.99	CLV	373	467	312	383	529	362	395	561	390	12	32	28
Signalized					v/c	0.266	0.311	0.223	0.274	0.353	0.259	0.282	0.374	0.279	0.008	0.021	0.02
					LOS	A	A	A	A	A	A	A	A	A			
7. Gaither Road/Redland Boulevard	1500	1500	1500	0.99	CLV	609	874	339	669	945	385	680	979	425	11	34	40
Signalized					v/c	0.406	0.583	0.226	0.446	0.630	0.257	0.453	0.653	0.283	0.007	0.023	0.026
					LOS	A	A	A	A	B	A	A	B	A			
8. Gaither Road/West Gude Drive	1500	1500	1500	0.89	CLV	732	988	403	922	1136	525	916	1174	572	-6	38	47
Signalized					v/c	0.488	0.659	0.269	0.615	0.757	0.350	0.611	0.783	0.381	-0.004	0.026	0.031
					LOS	A	B	A	B	C	A	B	C	A			
9. Piccard Drive/West Gude Drive	1500	1500	1500	0.89	CLV	843	962	364	1031	1151	483	1027	1155	528	-4	4	45
Signalized					v/c	0.562	0.641	0.243	0.687	0.767	0.322	0.685	0.770	0.352	-0.002	0.003	0.03
					LOS	A	B	A	B	C	A	B	C	A			
10. Piccard Drive/Redland Boulevard	1500	1500	1400	0.89	CLV	993	755	367	1200	848	460	1210	887	505	10	39	45
Signalized					v/c	0.662	0.503	0.262	0.800	0.565	0.329	0.807	0.591	0.361	0.007	0.026	0.032
					LOS	B	A	A	D	A	A	D	A	A			
11. Piccard Drive/King Farm Boulevard	1600	1600	1600	0.99	CLV	360	376	105	379	392	108	332	435	145	-47	43	37
Unsignalized					v/c	0.225	0.235	0.066	0.237	0.245	0.068	0.208	0.272	0.091	-0.029	0.027	0.023
					LOS	A	A	A	A	A	A	A	A	A			
12. Piccard Drive/Choke Cherry Road	1600	1600	1600	0.89	CLV	611	838	228	652	870	233	607	961	340	-45	91	107
Unsignalized					v/c	0.382	0.524	0.143	0.408	0.544	0.146	0.379	0.601	0.213	-0.029	0.057	0.067
					LOS	A	A	A	A	A	A	A	B	A			
13. Shady Grove Road/Choke Cherry Road	1550	1550	1500	0.99	CLV	844	1159	1029	1029	1335	1185	1076	1359	1269	47	24	84
Signalized					v/c	0.545	0.748	0.686	0.664	0.861	0.790	0.694	0.877	0.846	0.030	0.016	0.056
					LOS	A	C	B	B	D	C	B	D	D			
14. Shady Grove Road/I-270 NB Ramps	1700	1700	1650	0.99	CLV	954	733	382	1551	1493	800	1569	1490	832	18	-3	32
Signalized					v/c	0.561	0.431	0.232	0.912	0.878	0.485	0.923	0.876	0.504	0.011	-0.002	0.019
					LOS	A	A	A	E	D	A	E	D	A			
15. Shady Grove Road/I-270 SB Ramps	1700	1700	1650	0.99	CLV	1184	848	513	1507	1152	732	1512	1170	748	5	18	16
Signalized					v/c	0.696	0.499	0.311	0.886	0.678	0.44	0.889	0.688	0.453	0.003	0.01	0.009
					LOS	B	A	A	D	B	A	D	B	A			
16. Shady Grove Road/MD 28 (Key West Ave)	1550	1550	1500	0.99	CLV	1067	1286	623	1238	1435	759	1240	1447	772	2	12	13
Signalized					v/c	0.688	0.830	0.415	0.799	0.926	0.506	0.800	0.934	0.515	0.001	0.008	0.009
					LOS	B	D	A	C	E	A	D	E	A			

Table 8-1b
2030 Full Buildout Total Future Conditions CLV & V/C Summary

Intersection	Congestion Standard			V/C Ratio Threshold	MOE	2017 Existing			Background (No Build) 2030			Total Future (Build) Full Buildout: 2030			Development Impact (Full Buildout vs. Background)		
	AM	PM	SAT			AM	PM	SAT	AM	PM	SAT	AM	PM	SAT	AM	PM	SAT
1. MD-355/Redland Road	1550	1550	1550	0.99	CLV	1439	1344	950	1651	1499	1133	1663	1524	1163	12	25	30
					v/c	0.928	0.867	0.613	1.065	0.967	0.731	1.073	0.983	0.750	0.008	0.016	0.019
Signalized					LOS	E	D	B	F	E	C	F	E	C	<0.010		
2. MD-355/Shady Grove Road	1550	1550	1550	0.99	CLV	1504	1587	1309	1817	1900	1540	1861	1942	1584	44	42	44
					v/c	0.970	1.024	0.845	1.172	1.226	0.994	1.201	1.253	1.022	0.029	0.027	0.028
Signalized					LOS	E	F	D	F	F	E	F	F	F	≥0.010	≥0.010	<0.100
3. I-370 Ramp/Shady Grove Road	1650	1650	1600	0.99	CLV	1192	974	791	1428	1194	943	1433	1251	1002	5	57	59
					v/c	0.722	0.590	0.494	0.865	0.724	0.589	0.868	0.758	0.626	0.003	0.034	0.037
Signalized					LOS	C	A	A	D	C	A	D	C	B			
4. Gaither Road/Shady Grove Road	1550	1550	1500	0.99	CLV	1033	1290	901	1195	1489	1032	1297	1720	1170	102	231	138
					v/c	0.666	0.832	0.601	0.771	0.961	0.688	0.837	1.110	0.780	0.066	0.149	0.092
Signalized					LOS	B	D	B	C	E	B	D	F	C	≥0.100		
5. Gaither Road/Piccard Drive	1600	1600	1600	0.89	CLV	355	365	243	523	542	384	534	624	467	11	82	83
					v/c	0.222	0.228	0.152	0.327	0.339	0.240	0.334	0.390	0.292	0.007	0.051	0.052
Signalized					LOS	A	A	A	A	A	A	A	A	A			
6. Gaither Road/King Farm Boulevard	1400	1500	1400	0.99	CLV	373	467	312	383	529	362	430	616	432	47	87	70
					v/c	0.266	0.311	0.223	0.274	0.353	0.259	0.307	0.411	0.309	0.033	0.058	0.05
Signalized					LOS	A	A	A	A	A	A	A	A	A			
7. Gaither Road/Redland Boulevard	1500	1500	1500	0.99	CLV	609	874	339	669	945	385	710	1047	480	41	102	95
					v/c	0.406	0.583	0.226	0.446	0.630	0.257	0.473	0.698	0.320	0.027	0.068	0.063
Signalized					LOS	A	A	A	A	B	A	A	B	A			
8. Gaither Road/West Gude Drive	1500	1500	1500	0.89	CLV	732	988	403	950	1166	542	997	1288	660	47	122	118
					v/c	0.488	0.659	0.269	0.633	0.777	0.361	0.665	0.859	0.440	0.032	0.082	0.079
Signalized					LOS	A	B	A	B	C	A	B	D	A			
9. Piccard Drive/West Gude Drive	1500	1500	1500	0.89	CLV	843	962	364	1066	1189	503	1115	1234	611	49	45	108
					v/c	0.562	0.641	0.243	0.711	0.793	0.335	0.743	0.823	0.407	0.032	0.030	0.072
Signalized					LOS	A	B	A	C	C	A	C	D	A			
10. Piccard Drive/Redland Boulevard	1500	1500	1400	0.89	CLV	993	755	367	1200	848	460	1240	969	579	40	121	119
					v/c	0.662	0.503	0.262	0.800	0.565	0.329	0.827	0.646	0.414	0.027	0.081	0.085
Signalized					LOS	B	A	A	D	A	A	D	B	A			
11. Piccard Drive/King Farm Boulevard	1600	1600	1600	0.99	CLV	360	376	105	379	392	108	361	530	218	-18	138	110
					v/c	0.225	0.235	0.066	0.237	0.245	0.068	0.226	0.331	0.136	-0.011	0.086	0.068
Unsignalized					LOS	A	A	A	A	A	A	A	A	A			
12. Piccard Drive/Choke Cherry Road	1600	1600	1600	0.89	CLV	611	838	228	652	870	233	813	1152	552	161	282	319
					v/c	0.382	0.524	0.143	0.408	0.544	0.146	0.508	0.720	0.345	0.100	0.176	0.199
Unsignalized					LOS	A	A	A	A	A	A	A	C	A	≥0.100	≥0.100	≥0.100
13. Shady Grove Road/Choke Cherry Road	1550	1550	1500	0.99	CLV	844	1159	1029	1067	1371	1216	1237	1587	1397	170	216	181
					v/c	0.545	0.748	0.686	0.688	0.885	0.811	0.798	1.024	0.931	0.110	0.139	0.120
Signalized					LOS	A	C	B	B	D	D	C	F	E	≥0.100	≥0.100	≥0.100
14. Shady Grove Road/I-270 NB Ramps	1700	1700	1650	0.99	CLV	954	733	382	1580	1522	820	1660	1578	904	80	56	84
					v/c	0.561	0.431	0.232	0.929	0.895	0.497	0.976	0.928	0.548	0.047	0.033	0.051
Signalized					LOS	A	A	A	E	D	A	E	E	A			
15. Shady Grove Road/I-270 SB Ramps	1700	1700	1650	0.99	CLV	1184	848	513	1549	1194	756	1568	1237	791	19	43	35
					v/c	0.696	0.499	0.311	0.911	0.702	0.46	0.922	0.728	0.479	0.011	0.026	0.021
Signalized					LOS	B	A	A	E	C	A	E	C	A			
16. Shady Grove Road/MD 28 (Key West Ave)	1550	1550	1500	0.99	CLV	1067	1286	623	1291	1497	787	1298	1527	814	7	30	27
					v/c	0.688	0.830	0.415	0.833	0.966	0.525	0.837	0.985	0.543	0.004	0.019	0.018
Signalized					LOS	B	D	A	D	E	A	D	E	A			

Table 9-1

Shady Grove Neighborhood Center
Turn Lane Queues With and Without Mitigation

Intersection	Control	Lane Group	Turn Lane Storage Length (ft)	Total Future 2030 Conditions (Without Improvements)						Total Future 2030 Conditions (With Improvements)						Net Difference (With Improvements vs. Without Improvements)			
				AM Peak Hour		PM Peak Hour		SAT Peak Hour		AM Peak Hour		PM Peak Hour		SAT Peak Hour		AM Peak		PM Peak	
				50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile	50th %ile	95th %ile
2. N. Frederick Road (MD355)/Shady Grove Road Eastbound/Northbound: MD 355 Northbound/Southbound: Shady Grove Road	Signalized	EBL EBT EBR WBL WBT WBR	400 - - 465/600 ¹ - 320	318 1217 204 209 165 0	514 1297 2310 419 196 55	370 405 1297 288 448 50	559 466 227 448 907 146	174 245 0 486 703 0	326 288 71 109 754 52	318 1217 204 209 165 0	514 1297 2310 419 196 55	370 405 1297 288 448 50	559 466 227 448 907 146	174 245 0 486 703 0	326 288 71 109 754 52	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0
With Proposed Improvement Northbound Shady Grove Road Approach - 2 Left Turn Lanes - 2 Through Lanes AM - 3 Through Lanes PM/SAT - 2 Right Turn Lanes AM - 1 Right Turn Lane PM/SAT Northbound/Southbound: Shady Grove Road		NBL NBT NBR SBL SBR	500/500 ¹ - - 500 - 125	139 453 250 849 888 145	193 594 1011 1011 997 259	642 958 523 163 444 301	802 1064 226 226 444 519	290 358 526 187 356 338	418 462 775 293 499 556	88 351 150 649 888 146	120 477 372 1011 997 359	323 726 473 163 444 301	335 872 526 226 444 519	172 275 528 187 395 338	214 328 775 293 499 556	-37.8% -11.7% -39.2% -24.2% 0.0% 0.0%	-46.7% -13.4% -48.8% -13.4% 0.0% 0.0%	-48.8% -13.4% -48.8% -13.4% 0.0% 0.0%	-48.8% -13.4% -48.8% -13.4% 0.0% 0.0%
4. Gaither Road/Shady Grove Road Eastbound/Northbound: Gaither Road Northbound/Southbound: Shady Grove Road		EBL EBT EBR WBL WBT WBR	435/1,625 ¹ - - 200/435 ¹ - 320	89 92 166 240 127 0	155 158 269 353 203 8	214 223 497 263 59 47	316 324 751 332 107 141	191 193 146 71 65 153	301 295 224 107 116 141	89 92 166 203 213 0	155 158 269 317 396 8	208 214 478 208 213 48	316 324 751 285 308 141	191 193 146 68 87 153	301 295 224 105 152 245	0.0% 0.0% 0.0% -3.6% -10.2% 0.0%	0.0% 0.0% 0.0% -4.7% -20.1% 0.0%	0.0% 0.0% 0.0% -1.9% 3.6% 0.0%	0.0% 0.0% 0.0% -2.2% 1.9% 0.0%
With Proposed Improvement Westbound Gaither Road Approach - 2 Left Turn Lanes - 1 Shared Through-Left Lane - 1 Right Turn Lane Southbound Shady Grove Road Approach - 2 Left Turn Lanes - 2 Through Lanes - 1 Shared Through-Right Lane		NBL NBT NBR SBL SBR	440 - - 310 - -	162 65 241 864 162 0	213 116 182 800 213 0	99 922 413 523 99 91	107 104 651 Exceeds 107 Exceeds	134 338 187 497 134 636	174 391 303 Exceeds 174 Exceeds	162 109 128 864 213 800	213 115 107 Exceeds 213 Exceeds	100 921 157 523 100 91	108 104 260 Exceeds 108 Exceeds	134 314 95 497 134 636	174 380 135 Exceeds 174 Exceeds	0.0% -1.1% -7.5% -61.2% 0.0% 0.0%	0.0% -1.1% -41.1% -55.4% 0.0% 0.0%	0.0% -1.1% -41.1% -55.4% 0.0% 0.0%	0.0% -1.1% -41.1% -55.4% 0.0% 0.0%
13. Choke Cherry Road/Shady Grove Road Eastbound/Westbound: Driveway/Choke Cherry Road Northbound/Southbound: Shady Grove Road		EBL EBT EBR WBL WBT WBR	60 - - 275/460 ¹ - 240	43 0 0 332 330 0	87 0 0 503 513 0	57 0 0 547 596 21	103 55 0 715 765 78	69 0 0 61 82 9	102 15 102 103 116 116	43 0 0 182 183 0	87 0 0 289 348 0	57 0 0 300 295 26	103 56 0 356 458 85	64 0 0 42 79 9	102 15 116 64 116 116	0.0% 0.0% 0.0% -12.5% -16.5% 0.0%	0.0% 0.0% 0.0% -16.5% -29.7% 9.0%	0.0% 0.0% 0.0% -3.7% -20% 0.0%	0.0% 0.0% 0.0% -3.7% -20% 0.0%
With Proposed Improvement Westbound Choke Cherry Road Approach - 2 Left Turn Lanes - 1 Shared Through-Left Lane - 1 Right Turn Lane		NBL NBT NBR SBL SBR	350 - - 450 - -	36 175 124 285 341	77 280 151 341 746	135 201 136 913 913	147 598 180 Exceeds Exceeds	229 102 29 521 928	374 367 110 928 Exceeds	36 125 124 284 345	77 280 155 Exceeds Exceeds	135 701 137 747 921	147 598 190 Exceeds Exceeds	228 367 27 517 928	274 367 110 Exceeds Exceeds	0.0% 0.0% 0.0% 2.6% 0.0%	0.0% 0.0% 0.0% 5.6% 0.0%	0.0% 0.0% 0.0% 5.6% 0.0%	0.0% 0.0% 0.0% 5.6% 0.0%

Note 1: There are dual 500 foot left turn lanes and the shared left through lane extends the full length of Shady Grove Road between MD 355 and the nearest upstream signal providing approximately 620 ft of storage area.

Note 2: There are dual 465 foot left turn lanes and the shared left through lane extends the full length of Gaither Road between Shady Grove Road and Piccard Drive providing approximately 1,575 ft of storage area. However, the max storage assumed was 435 feet which represents the Note 3: There is a 435 foot left turn lane and the shared left through lane extends the full length of Gaither Road between Shady Grove Road and Piccard Drive providing approximately 1,575 ft of storage area.

Note 4: There is a 200 foot left turn lane and the shared left through lane extends the full length of Gaither Road between Shady Grove Road and Piccard Drive providing approximately 1,575 ft of storage area.

Note 5: There is a 275 foot left turn lane and the shared left through lane extends the full length of Choke Cherry Road between Shady Grove Road and Piccard Drive under both existing and future conditions. With the proposed improvement, the shared through-left will be converted to a left and the right turn lane will be converted to a shared through-left. The storage length for the existing and future shared through-left lanes were taken as the distance available between Shady Grove Road and the nearest upstream median opening (460 feet). However, it is noted that approximately 1,100 feet is available along Choke Cherry Road between Shady Grove Road and Piccard Drive for storage in the shared through-left lane.

Table 9-2

Shady Grove Neighborhood Center
Turn Lane Queues at Unsignalized Intersections

Unsignalized HCM Queues: All Queues Greater Than Zero Are Rounded Up To The Nearest Vehicle Length (25 ft)

Intersection	Control	Lane Group	Turn Lane Storage Length (ft)	2024 Background - No Build			2030 Background - No Build			Phase I - 2024 Build Conditions						Total Future 2030 Buildout Conditions		
				AM Peak 95th %ile (ft)	PM Peak 95th %ile (ft)	SAT Peak 95th %ile (ft)	AM Peak 95th %ile (ft)	PM Peak 95th %ile (ft)	SAT Peak 95th %ile (ft)	AM Peak 95th %ile (ft)	PM Peak 95th %ile (ft)	SAT Peak 95th %ile (ft)	AM Peak 95th %ile (ft)	PM Peak 95th %ile (ft)	SAT Peak 95th %ile (ft)			
12. Piccard Drive / Choke Cherry Road Note: "Blocks" indicated that the queue blocks an upstream driveway or intersection. Red numbers indicate queues exceeding storage. - Eastbound: Choke Cherry Road - Westbound: Driveway - Northbound/Southbound: Piccard Drive	Signalized	EBTL	25	25	25	25	25	25	50	25	25	50	25	25				
		200/295 ft																
		EBR	125	50	25	125	25	25	125	25	25	125	50	25				
		200/295 ft																
		WBTLR	0	50	25	0	50	25	0	50	25	0	50	25				
		100 feet to nearest internal driveway																
		NBLT	25	350	25	25	350	25	25	350	25	50	115	100				
		400 ft to nearest driveway egress																
		NBLR	125	25	0	0	25	0	0	25	0	25	0	0				
		Does not extend past any driveways																
D2. Street C / Choke Cherry Road Note: "Blocks" indicated that the queue blocks an upstream driveway or intersection. Red numbers indicate queues exceeding storage. - Eastbound/Westbound: Choke Cherry Road - Southbound: Street C Storage for the Southbound left is the length available between Choke Cherry Road upstream to Street D within the property.	Signalized	SBLT	25	0	0	25	0	0	25	0	0	25	0	0				
		800 ft to nearest driveway egress																
		SBLR	100	25	25	25	25	25	25	25	25	25	25	25				
		Does not extend past any driveways																
		EBL	75						25	25	25	25	50	25				
		175 ft to nearest driveway egress							0	0	0	0	0	0				
		EBT							0	0	0	0	0	0				
		175 ft to nearest driveway egress							0	0	0	0	0	0				
		WBTR	-						0	0	0	0	0	0				
		400 ft to nearest driveway egress							0	0	0	0	0	0				
D8. Street C / Gaither Road Note: "Blocks" indicated that the queue blocks an upstream driveway or intersection. Red numbers indicate queues exceeding storage. - Eastbound/Westbound: Gaither Road - Northbound: Street C Storage for the Northbound left is the length available between Gaither Road upstream to Street D within the property.	Signalized	SBL	495						25	50	25	50	350	75				
		75 ft to nearest internal driveway							25	25	25	25	100	50				
		SBR	50						25	25	25	25	100	50				
		Does not extend past any driveways																
		EBTR										0	0	0				
		245 ft to nearest driveway egress										25	25	25				
		WBTL																
		445 ft to nearest driveway egress																
		NBL	520									325	Err	475				
		70 ft to nearest internal alley										Blocks	Blocks	25				
NBR	50										25	25						
70 ft to nearest internal alley																		

Note 1: For existing and background conditions, the nearest upstream driveway with egress onto eastbound Choke Cherry Road is 200 ft away, however, this driveway does not include left-out movements under proposed conditions and the nearest upstream driveway will egress onto eastbound Choke Cherry Road becomes the Upper Rock driveway approximately 235 ft from Piccard Drive.

LINOWES
AND BLOCHER LLP
ATTORNEYS AT LAW

January 28, 2019

Barbara A. Sears
bsears@linowes-law.com
301.961.5157

Mayor and City Council of Rockville
111 Maryland Avenue
Rockville, MD 20850

Re: Project Plan PJT2017-00007 - Shady Grove Neighborhood Center ("Project Plan")

Dear Mayor Newton and Councilmembers:

On behalf of Lantian Development LLC ("Applicant"), the purpose of this letter is to respond to the comments of the Mayor and Council made at the January 15, 2019 public hearing on the above-referenced Project Plan. The Mayor and Council requested that the Applicant address the following as the development process proceeds:

- Provision of a mix of residential building types to address affordability, including MPDUs, and workforce and missing middle units
- Incorporation of a tot lot to serve the recreational needs of young children, and
- Future alignment changes made to the Corridor Cities Transitway ("CCT")

Applicant agrees that the above will be evaluated at time of site plan when unit types, mixes, and finer grain recreational facilities are developed. Also, alignment changes, if made to the CCT, will be addressed at this time.

We would appreciate your incorporation of this letter in the record of the Project Plan. Thank you for your continued cooperation.

Very truly yours,

LINOWES AND BLOCHER LLP


Barbara A. Sears

Attachment 14.h: Response to Mayor and Council Comments at Public Hearing (2490 : Discussion and Instruction - PJT2017-00007 Shady



Mayor and City Council of Rockville
January 28, 2019
Page 2

cc: Rob DiSpirito
Ricky Barker
Tim Chesnutt
Jim Wasilak
Bob Elliott
Shawn Li
Mike Smith
Phillip Hummel



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Presentation
 Department: Finance
 Responsible Staff: Stacey Webster

Subject

Presentation of the Fiscal Year 2020 Proposed Operating Budget and Capital Improvements Program

Recommendation

Staff recommends that the Mayor and Council receive the presentation on the Proposed Fiscal Year 2020 Operating Budget and Capital Improvements Program.

Discussion

The FY 2020 Operating Budget and Capital Improvements Program reflects industry best practices by presenting all budget information in an easy-to-read, user-friendly format, with a focus on how the City is achieving the Mayor and Council's Critical Success Factors, and their overall vision for the community. Staff hope that the Mayor and Council and other key stakeholders find the FY 2020 budget document to be an effective policy document, financial plan, operations guide, and communications device.

Operating Budget Overview

The FY 2020 operating budget totals \$138.5 million for the City's 11 operating funds. This represents an overall increase of 1.7 percent from the FY 2019 adopted budget. Approximately 61 percent of the City's spending occurs in the tax-supported General Fund. The General Fund is the City's primary operating fund and is used to account for the City's activities that are not included in another fund. The General Fund budget increased by 2.2 percent, from \$82.4 million to \$84.2 million.

Other major funds include the following City enterprise funds: Water, Sewer, Refuse, Stormwater Management, and Parking. Utility rates and other user fees charged to City households and businesses support the Water, Sewer, Refuse, and Stormwater Management funds. The City sets the rates for these utilities based on cash flow models that target specific cash levels after a certain period. The Parking Fund is supported by the special taxing district, parking meter, and parking violation revenue. For FY 2020, the stormwater management and refuse and recycling rates are proposed to remain flat, while water and sewer charges will be adjusted by previously approved increases.

FY 2020 Budget Initiatives

The FY 2020 budget includes several significant funding commitments that are General Fund or taxpayer supported. The items described below are the City Manager's top priorities based on Mayor and Council requests, staff recommendations, and input from the community. These items represent changes of more than \$20,000 from the FY 2019 adopted budget to the FY 2020 proposed budget.

- **Mayor and Council Election Costs (\$286,850)** – The FY 2020 budget includes \$286,850 (\$17,000 in personnel and \$269,850 in operating) in the General Fund for additional election costs related to the vote by mail initiative, including: equipment, mailings, temporary employee wages, and consultants. The FY 2020 appropriation is in addition to \$63,500 that was budgeted for election costs in FY 2019. The Mayor and Council election, which occurs every four years, will take place in November 2019.
- **Operations and Maintenance of 6 Taft Court and RedGate Golf Course (\$258,600)** – The FY 2020 budget includes an additional \$258,600 from the General Fund for the operations and maintenance costs associated with the recently acquired 6 Taft Court and the RedGate Golf Course property. These funds will support routine items, such as: utilities, mowing, trash/litter removal, tree maintenance, and asphalt/concrete repairs (where needed). Future years' budgets may include additional funding for specific improvements or increases in current costs depending on the uses of the properties.
- **Compensation and Classification Study Implementation (\$1 million)** – The FY 2020 budget includes a total of \$1 million for all funds (\$750,000 for the General Fund) to implement the results of the City's Compensation and Classification Study. Funds were appropriated in the Human Resources Department in FY 2019 to engage a consultant to conduct a comprehensive review and evaluation of the City's current compensation philosophy and compensation program. The consultant will benchmark the elements of the City's compensation program against the market and make recommendations to retain, modify, and/or change the compensation philosophy and/or compensation program. Once the market positions have been established, staff will then balance positions internally to ensure internal equity throughout the organization. Staff anticipates that any compensation and/or benefits adjustments that are recommended and approved as part of this study will be implemented mid-FY 2020 and applied retroactively back to July 1, 2019.
- **Minimum Wage (\$76,810)** – The FY 2020 General Fund operating budget includes an additional \$76,810 in the Department of Recreation and Parks to support increasing wages for select temporary positions. The County's minimum wage is set at \$13.00 per hour as of July 1, 2019. During the FY 2018 budget process, the Mayor and Council directed staff to pay the City's temporary employees at rates comparable to the County, helping the City to remain competitive in the regional labor market. The \$76,810 does not address wage compression that is a product of rising minimums; it only addresses

bringing those temporary employees who are earning below \$13.00 an hour up to the new rate for FY 2020.

- **Performance Grant to Rockville Economic Development Inc. (\$400,000)** – The General Fund includes \$400,000 for a performance grant to Rockville Economic Development Inc. (REDI) for their Rockville Small Business Impact Fund (“Impact Fund”). The Impact Fund was created in FY 2019 to fill a gap in the financial support currently provided to Rockville businesses. It provides qualified businesses with a loan and/or performance grant to promote economic development in the City’s Performance Districts, which includes Town Center and the Twinbrook Metro Performance District. Both existing and new businesses are eligible for funding, as the program targets start-ups and businesses that lack capital.
- **Grant to Aronson, LLC. (\$50,000)** – The General Fund includes \$50,000 for a grant to Aronson, LLC to assist with their relocation from King Farm Boulevard to the Town Center area where they plan to add employees over the next several years. This grant will help to retain Aronson in Rockville and will stimulate more activity in the downtown area. Expanding Rockville’s downtown portfolio of companies will help to maintain the Town Center as a high-quality, transit-oriented development. Staff is working with the State of Maryland and the Montgomery County Economic Development Corporation (MCEDC) on providing financial support for this relocation.
- **Grant to Rockville Volunteer Fire Department (\$50,000)** – The General Fund includes a one-time grant of \$50,000 to the Rockville Volunteer Fire Department (RVFD) to assist with the purchase of a replacement aerial truck. This grant is in addition to an ongoing grant of \$10,000 for the reimbursement of the RVFD’s water bills.
- **Additional Contract Tree Maintenance (\$47,000)** – The FY 2020 budget includes an additional \$47,000 final allocation from the General Fund for contract tree maintenance. This \$47,000 provides funding for contract pruning and for a contract inspector to help manage the increased workload. To achieve the ten year pruning cycle, which is a goal of the Mayor and Council, the City added \$47,000 per year for additional contract tree maintenance from FY 2016 through FY 2020.
- **Street Sweeping Contract (\$34,790)** – The FY 2020 budget includes an additional \$34,790 from the General Fund for contract services in the Department of Public Works for street sweeping. It is common for the City’s maintenance contracts to increase due to inflationary pressures and/or increases in the County’s minimum wage.
- **Twilight Running Festival (\$20,410)** – The FY 2020 budget includes funding from the General Fund to support the Twilight Running Festival. The funds will go towards temporary employees, equipment rentals, program supplies, and contract entertainers.

This event will be managed by the City's Department of Recreation and Parks. In FY 2019 this event was paid for out of the City Manager's contingency account.

City Staffing Overview

The total number of full time equivalent (FTE) positions in the FY 2020 operating budget increased by 3.7 FTEs compared to the FY 2019 adopted level. For regular positions, FTEs increased by 3.5 across all funds, which is the net change of deletions and additions listed below (additional details are available in the Supplemental Information section of the budget document). Five of these deletions and additions occurred during FY 2019. The City Manager has the authority to make adjustments during the year as long as the adjustments do not increase the overall adopted level of regular FTEs.

- (1.0) FTE Parking Enforcement Officer
- (1.0) FTE Principal Planner
- (1.0) FTE Plans Examiner
- (1.0) FTE Assistant City Forester
- (1.0) FTE Forestry Inspector
- (1.0) FTE Rec. and Parks Program Specialist (Arts)
- (0.5) FTE Groundskeeper
- 1.0 FTE Senior ERP Systems Analyst
- 1.0 FTE Planning and Development Services Manager
- 1.0 FTE Principal Planner (Landscape Architect)
- 1.0 FTE Construction Project Manager
- 1.0 FTE Police Lieutenant
- 1.0 FTE Senior Assistant City Attorney
- 1.0 FTE Emergency Manager
- 1.0 FTE Sanitation Worker
- 1.0 FTE Senior Construction Inspector
- 0.5 FTE Senior Environmental Compliance Inspector
- 0.3 FTE Recreation and Parks Program Specialist (Teens)
- 0.1 FTE Childcare/Preschool Director
- 0.1 FTE Childcare/Preschool Teacher

Capital Improvements Program (CIP) Overview

The FY 2020 CIP budget includes new funding of \$31.7 million to address the priorities of the Mayor and Council and residents of Rockville. This new funding combined with prior year carryover funding of \$54.3 million, supports a total of 42 capital projects in FY 2020. There are two newly-funded projects, which are listed below along with a basic description. More information, including the total budget and timeline, can be found on the individual project sheets in the CIP Projects section of the budget document.

- **Outdoor Recreation Pool Renovations (RC18)** – This project funds major renovations and improvements to the outdoor recreation pool, tot pool, sprayground, outdoor pool filter room, overhead pool lights, and surrounding deck areas. Funding includes

replacing the existing water slide tower and flume, built in 1989, as the structures are at the end of their lifecycle and will soon be unsafe. The funding appropriated in FY 2020 is for conceptual design.

- **Stonestreet Corridor Improvements (TA20)** – This project funds street and sidewalk improvements along Park Road and N. Stonestreet Ave. near the Rockville Metro Station infrastructure to provide safer multimodal transportation. This is a phased project: Phase I - Park Road improvement and traffic signal reconstruction at the intersection of S. Stonestreet Ave. and Park Road; Phase II - N. Stonestreet Ave. road improvement between Park Road and Lincoln Ave. The funding appropriated in FY 2020 is for design and right-of-way acquisition.

The CIP budget is funded by various sources, including paygo and proceeds from the issuance of general obligation bonds. The FY 2020 through FY 2024 CIP includes a new bond issue of \$7.9 million in FY 2024 for the Outdoor Recreation Pool Renovations (RC18) project. Capital bond issues are also planned for the Water, Sewer, and Stormwater Management funds over this five year period. More information on the future bond issues can be found in the Financial Summaries section of the budget document.

In addition to the capital funding needed to complete a CIP project, many projects require ongoing funding to operate or maintain the completed project. Ongoing operating cost impacts must be considered when determining if and when to include a particular project in the CIP. For FY 2020, a total of \$201,420 was added to the operating budget as a result of closed projects (\$37,000) and current projects (\$164,420). A majority of this funding supports the Skate Park, Swim and Fitness Center, Maintenance and Emergency Operations Facility, and the Rockville 11 Studio.

Budget Availability

The FY 2020 Operating Budget and Capital Improvements Program is available online at www.rockvillemd.gov/budget as of February 22, 2019. Also on the website is a link to the Excel version of the budget, which details the budget in a line item format.

Mayor and Council History

Date	Action Item
October 8, 2018	Mayor and Council Worksession, Budget Process and Calendar
November 19, 2018	Budget Public Hearing
December 10, 2018	Mayor and Council Budget Preview and Priorities Discussion
February 4, 2019	Mayor and Council Budget Priorities

Public Notification and Engagement

There are two more public hearings related to the FY 2020 budget in March and April. In addition to these public hearings, the public can submit comments about the budget via an online survey located on the City's website at www.rockvillemd.gov/budget.

The FY 2020 budget public record closes on April 5, 2019.

Next Steps

Future Mayor and Council actions related to the FY 2020 budget include:

Date	Action Item
February 25, 2019	City Manager's Presentation of FY 2020 Proposed Budget; Introduction of FY 2020 Budget Ordinance; Introduction of FY 2020 Refuse Resolution; Introduction of FY 2020-FY 2021 Stormwater Management Fee Resolution
March 4, 2019	Budget Public Hearing
March 18, 2019	Mayor and Council Budget Worksession
April 1, 2019	Budget Public Hearing; Mayor and Council Budget Worksession
April 5, 2019	Close of Budget Public Record
April 29, 2019	Mayor and Council Budget Worksession (if needed)
May 6, 2019	Adoption of FY 2020 Budget Ordinance; Adoption of FY 2020 Refuse Resolution; Adoption of FY 2020-FY 2021 Stormwater Management Fee Resolution



Rob DiSpirito, City Manager

2/21/2019



Mayor & Council Meeting Date: February 25, 2019
Agenda Item Type: Introduction
Department: Finance
Responsible Staff: Stacey Webster

Subject

Introduction of a Resolution to Establish the Equivalent Residential Unit Rate to be Used in Calculating the Stormwater Management Utility Fee Pursuant to Chapter 19 Entitled "Sediment Control and Stormwater Management" of the Rockville City Code; and to Establish a Fee for Application for a Credit Against the Stormwater Management Utility Fee for Private Stormwater Management Facilities.

Recommendation

Staff recommends that the Mayor and Council introduce the Resolution to Establish the Equivalent Residential Unit Rate to be Used in Calculating the Stormwater Management Utility Fee Pursuant to Chapter 19 Entitled "Sediment Control and Stormwater Management" of the Rockville City Code; and to Establish a Fee for Application for a Credit Against the Stormwater Management Utility Fee for Private Stormwater Management Facilities.

Change in Law or Policy

Setting the stormwater management utility fee for FY 2020 and FY 2021 requires the passage of the attached resolution. This resolution is scheduled to be introduced on February 25, 2019, with adoption scheduled for May 6, 2019.

Discussion

The City's stormwater management utility fee, which was established by ordinance in FY 2008, funds Rockville's stormwater, storm drainage, and water quality programs. This ordinance enables the City to charge an annual fee per Equivalent Residential Unit ("ERU").

For FY 2020 and FY 2021, the fixed fee is proposed to remain flat at \$132.00 per ERU. This proposed fee level supports an operating budget and multi-year capital budget that are consistent with the requirements of the new National Pollution Discharge and Elimination System (NPDES) general permit for Phase II Municipal Separate Storm Sewer Systems (MS4) that was issued in 2018.

Consistent with staff's presentation to the Mayor and Council on October 15, 2018, the FY 2020 budget will include new operating expenditures, such as 1.8 FTEs to support the updated program requirements.

In addition to the fixed fee per ERU, the attached Resolution continues with the \$150.00 for credit applications to reduce the annual Stormwater Management Utility Fee for private stormwater management facility owners. The credit is available to owners who structurally maintain and operate an approved stormwater management facility, such as a pond, sand filter, bioretention, or other designated facility. The application fee is based on the estimated amount of staff time necessary to review the credit application and verify all supporting documentation.

Mayor and Council History

Date	Action Item
October 8, 2018	Mayor and Council Worksession, Budget Process and Calendar
November 19, 2018	Budget Public Hearing
December 10, 2018	Mayor and Council Budget Preview and Priorities Discussion
February 4, 2019	Mayor and Council Budget Priorities

Public Notification and Engagement

There are two more public hearings related to the FY 2020 budget in March and April. In addition to these public hearings, the public can submit comments about the budget via an online survey located on the City's website at www.rockvillemd.gov/budget.

The FY 2020 budget public record closes on April 5, 2019.

Fiscal Impact

The proposed FY 2020 operating budget for the Stormwater Management Fund equals \$6,085,300 and the FY 2020 CIP budget equals \$13,970,290. The proposed budgets are based on the stormwater management utility fee of \$132.00 per ERU.

Next Steps

Future Mayor and Council actions related to the FY 2020 budget include:

Date	Action Item
February 25, 2019	City Manager's Presentation of FY 2020 Proposed Budget; Introduction of FY 2020 Budget Ordinance; Introduction of FY 2020 Refuse Resolution; Introduction of FY 2020-FY 2021 Stormwater Management Fee Resolution
March 4, 2019	Budget Public Hearing
March 18, 2019	Mayor and Council Budget Worksession
April 1, 2019	Budget Public Hearing; Mayor and Council Budget Worksession
April 5, 2019	Close of Budget Public Record
April 29, 2019	Mayor and Council Budget Worksession (if needed)

May 6, 2019	Adoption of FY 2020 Budget Ordinance; Adoption of FY 2020 Refuse Resolution; Adoption of FY 2020-FY 2021 Stormwater Management Fee Resolution
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Attachments

Attachment 16.a: AttachA_SWMUtilityFee_Feb2019 (PDF)



Rob DiSpirito, City Manager

2/21/2019

Resolution No. _____

RESOLUTION: To establish the Equivalent Residential Unit Rate to be used in calculating the Stormwater Management Utility Fee pursuant to Chapter 19 entitled “Sediment Control and Stormwater Management” of the Rockville City Code; and to establish a fee for Application for a credit against the Stormwater Management Utility fee for private stormwater management facilities

WHEREAS, on April 21, 2008, the Mayor and Council of Rockville adopted Ordinance No. 5-08, which amended Chapter 19 of the Rockville City Code entitled “Sediment Control and Stormwater Management” to provide, among other things, for the establishment of an annual Stormwater Management Utility Fee to support the City’s stormwater management, storm drainage, and related water quality programs; and

WHEREAS, Ordinance No. 5-08 provides, in Section 19-12 for the establishment, by resolution of the Mayor and Council, of the Equivalent Residential Unit Rate to be used for calculating the Stormwater Management Utility fee; and

WHEREAS, Ordinance No. 5-08 provides, in Section 19-88, for the adoption of Regulations establishing a system of credits against the Stormwater Management Utility Fee for private stormwater management facilities owned and maintained by the property owner; and

WHEREAS, pursuant to Ordinance No. 5-08, the Mayor and Council adopted Resolution No. 5-08 which approved regulations establishing such a system of credits and which provided for the establishment of a fee for applications for credits against the Stormwater Management Utility Fee; and,

WHEREAS, pursuant to Ordinance No. 5-08, the Mayor and Council adopted Resolution 6-09 which established the Equivalent Residential Unit Rate to be used in calculating the Stormwater Management Utility Fee pursuant to Chapter 19 entitled “Sediment Control and Stormwater Management” of the Rockville City Code; and established a fee for Application for a credit against the Stormwater Management Utility fee for private stormwater management facilities; and,

WHEREAS, by Resolution No. 4-17, adopted on May 1, 2017, the Mayor and Council amended the Equivalent Residential Unit Rate to be used for calculating the Stormwater Management Utility Fee; and

WHEREAS, the Mayor and Council desires to amend the rate per Equivalent Residential Unit to be used for calculating the Stormwater Management Utility Fee.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND, that pursuant to Chapter 19 entitled “Sediment Control and Stormwater Management,” the regulations adopted pursuant thereto, the following rate and fee are hereby established:

1. The Equivalent Residential Unit Rate to be used for calculating the Stormwater Management Utility Fee is hereby established as follows:

FY 2020	FY 2021
\$132.00	\$132.00

2. The fee for an application for a credit against the Stormwater Management Utility Fee for private stormwater management facilities owned and maintained by the property owner is hereby established at \$150.00 for each application.

Resolution No. _____

-3-

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Mayor and Council of Rockville at its meeting of

Sara Taylor-Ferrell, City Clerk/Director of Council Operations



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Introduction
 Department: Finance
 Responsible Staff: Stacey Webster

Subject

Introduction of a Resolution to Establish the Service Charge Rate for Municipal Refuse Collection and to Establish a Charge for Unreturned Refuse and Recycling Carts Pursuant to Section 20-6 of the Rockville City Code

Recommendation

Staff recommends that the Mayor and Council introduce the Resolution to establish the service charge rate for Municipal Refuse Collection and to establish a charge for unreturned refuse and recycling carts pursuant to Section 20-6 of the Rockville City Code.

Change in Law or Policy

Setting the refuse rate for FY 2020 requires the passage of the attached resolution. This resolution is scheduled to be introduced on February 25, 2019, with adoption scheduled for May 6, 2019.

Discussion

The Refuse Fund accounts for the financial activity associated with the collection and disposal of residential recycling, refuse, and yard waste.

The City currently operates a semi-automated, once-per-week refuse and single-stream recycling program. The FY 2020 rate is proposed to stay the same at \$445 per year.

Mayor and Council History

Date	Action Item
October 8, 2018	Mayor and Council Worksession, Budget Process and Calendar
November 19, 2018	Budget Public Hearing
December 10, 2018	Mayor and Council Budget Preview and Priorities Discussion
February 4, 2019	Mayor and Council Budget Priorities

Public Notification and Engagement

There are two more public hearings related to the FY 2020 budget in March and April. In addition to these public hearings, the public can submit comments about the budget via an online survey located on the City's website at www.rockvillemd.gov/budget.

The FY 2020 budget public record closes on April 5, 2019.

Fiscal Impact

The proposed FY 2020 operating budget for the Refuse Fund equals \$6,823,960 and the FY 2020 CIP budget equals \$533,345. The proposed budget is based on a refuse rate of \$445 per year.

Next Steps

Future Mayor and Council actions related to the FY 2020 budget include:

Date	Action Item
February 25, 2019	City Manager's Presentation of FY 2020 Proposed Budget; Introduction of FY 2020 Budget Ordinance; Introduction of FY 2020 Refuse Resolution; Introduction of FY 2020-FY 2021 Stormwater Management Fee Resolution
March 4, 2019	Budget Public Hearing
March 18, 2019	Mayor and Council Budget Worksession
April 1, 2019	Budget Public Hearing; Mayor and Council Budget Worksession
April 5, 2019	Close of Budget Public Record
April 29, 2019	Mayor and Council Budget Worksession (if needed)
May 6, 2019	Adoption of FY 2020 Budget Ordinance; Adoption of FY 2020 Refuse Resolution; Adoption of FY 2020-FY 2021 Stormwater Management Fee Resolution

Attachments

Attachment 17.a: AttachA_Refuse_Feb2019 (PDF)



Rob DiSpirito, City Manager

2/21/2019

Resolution No. _____

RESOLUTION: To Establish the Service Charge Rate - Municipal Refuse Collection and to establish a charge for unreturned refuse and recycling carts

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND, that in accordance with Section 20-6 of the "Rockville City Code", the following service charge rate for municipal refuse collection service is hereby established:

\$445.00 per single-family residence per year

AND BE IT FURTHER RESOLVED, that said amount shall be levied and collected in all respects in the same manner as regular taxes are collected, and unpaid refuse bills shall be a lien on the property served;

AND BE IT FURTHER RESOLVED, that the aforementioned service charge rate, as established above, shall take effect on July 1, 2019;

AND BE IT FURTHER RESOLVED, that said service charge may not be reduced or suspended for reason of property vacancy or for any other reason;

AND BE IT FURTHER RESOLVED, that in accordance with regulations approved pursuant to Section 20-7 of the "Rockville City Code," the following charges are hereby established for refuse and recycling carts that are not available for the City to pick up after a residence has been vacated:

32 gallon cart	\$39.87
48 gallon cart	\$42.87
64 gallon cart	\$44.87
96 gallon cart	\$50.20

* * * * *

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Mayor and Council of Rockville at its meeting of

Sara Taylor-Ferrell, City Clerk/Director of Council Operations



Mayor & Council Meeting Date: February 25, 2019
 Agenda Item Type: Introduction
 Department: Finance
 Responsible Staff: Stacey Webster

Subject

Introduction of an Ordinance to Appropriate Funds and Levy Taxes for Fiscal Year 2020

Recommendation

Staff recommends that the Mayor and Council introduce the Ordinance to Appropriate Funds and Levy Taxes for Fiscal Year 2020.

Change in Law or Policy

Adoption of the operating and capital improvements program (CIP) budgets will require passage of the standard budget ordinance. This budget ordinance is scheduled to be introduced on February 25, 2019, with adoption scheduled for May 6, 2019.

Discussion

The attached draft ordinance is provided for introduction purposes only. As in prior years, this ordinance will undergo changes prior to adoption in May. This ordinance includes proposed real and personal property tax rates, as well as appropriated amounts by fund for the FY 2020 operating budget and CIP.

General Fund Tax Rates and Tax Credits

The Mayor and Council establish the tax rates each year in order to finance General Fund activities. For FY 2020, the City's real property tax rate is proposed to remain unchanged at \$0.292 per \$100 of assessed value. The personal property tax rate is proposed to remain unchanged at \$0.805 for every \$100 of assessed value. In FY 2020, total property taxes are budgeted to generate \$43.5 million, or approximately 52 percent of the City's General Fund budget.

Estimated FY 2020 property tax revenue includes the City's supplement to the State of Maryland's Homeowners' Property Tax credit program. The Homeowners' Tax Credit Program is a State-administered program that provides real property tax credits to low- to moderate-income residents for property taxes due on their principal residence. For FY 2020, households with gross incomes up to \$91,000 per year and a household net worth of less than \$200,000 (not including the value of the home and qualified retirement savings) could qualify for tax relief on the first \$495,000 of their home's assessed value. For low-income households, the

credit could be several hundred dollars with the maximum credit totaling the City tax due on the first \$495,000 of assessed value.

Parking District Tax Rate

In order to support the debt service costs of the three City-owned garages in Town Square, the Town Center Parking District was formed in 2007. The Parking District is a special taxing district that levies a real property tax on the commercial properties within the Town Square boundaries. The FY 2020 Parking District tax rate is proposed to remain flat at \$0.33 per \$100 of assessed value.

Mayor and Council History

Date	Action Item
October 8, 2018	Mayor and Council Worksession, Budget Process and Calendar
November 19, 2018	Budget Public Hearing
December 10, 2018	Mayor and Council Budget Preview and Priorities Discussion
February 4, 2019	Mayor and Council Budget Priorities

Public Notification and Engagement

There are two more public hearings related to the FY 2020 budget in March and April. In addition to these public hearings, the public can submit comments about the budget via an online survey located on the City's website at www.rockvillemd.gov/budget.

The FY 2020 budget public record closes on April 5, 2019.

Fiscal Impact

The proposed real and personal property tax rates and the appropriated amounts by fund for the FY 2020 operating budget and CIP are included in the attached ordinance (Attachment A).

Next Steps

Future Mayor and Council actions related to the FY 2020 budget include:

Date	Action Item
February 25, 2019	City Manager's Presentation of FY 2020 Proposed Budget; Introduction of FY 2020 Budget Ordinance; Introduction of FY 2020 Refuse Resolution; Introduction of FY 2020-FY 2021 Stormwater Management Fee Resolution
March 4, 2019	Budget Public Hearing
March 18, 2019	Mayor and Council Budget Worksession
April 1, 2019	Budget Public Hearing; Mayor and Council Budget Worksession
April 5, 2019	Close of Budget Public Record
April 29, 2019	Mayor and Council Budget Worksession (if needed)

May 6, 2019	Adoption of FY 2020 Budget Ordinance; Adoption of FY 2020 Refuse Resolution; Adoption of FY 2020-FY 2021 Stormwater Management Fee Resolution
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Attachments

Attachment 18.a: AttachA_BudgetOrdinance_Feb2019 (PDF)



Rob DiSpirito, City Manager

2/21/2019

ORDINANCE NO. _____

ORDINANCE: To Appropriate Funds
and Levy Taxes for
Fiscal Year 2020.

**BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILLE,
MARYLAND** as follows:

SECTION I - ANNUAL OPERATING APPROPRIATIONS

There are hereby appropriated for the fiscal year beginning July 1, 2019, and ending June 30, 2020, out of the revenues accruing to the City for the purpose of operations, the several amounts hereinafter listed under the column designated "Amounts Appropriated":

FUNDS	AMOUNTS APPROPRIATED
General Fund	\$84,240,000
Water Fund	\$14,270,190
Sewer Fund	\$15,500,020
Refuse Fund	\$6,823,960
Parking Fund	\$2,492,540
Stormwater Management Fund	\$6,085,300
RedGate Golf Course Fund	\$104,120
Special Activities Fund	\$1,693,500
Community Development Block Grant	\$263,000
Speed Camera Fund	\$1,448,000
Debt Service Fund	\$5,590,000

The "Amounts Appropriated" by this section totaling \$138,510,630 shall be for the annual operating expenses of the departments and agencies of the City and shall be disbursed under the supervision of the City Manager.

ORDINANCE NO. _____

Page 2

SECTION II - CAPITAL PROJECTS APPROPRIATIONS

There is hereby appropriated out of the revenues accruing to the City for the purpose of capital improvements, the several amounts hereinafter listed under the column designated

"Amounts Appropriated":

FUNDS	AMOUNTS APPROPRIATED
Capital Projects Fund	\$51,516,098
Water Fund	\$9,852,163
Sewer Fund	\$5,827,432
Refuse Fund	\$533,345
Stormwater Management Fund	\$13,970,290
Special Activities Fund	\$3,783,596
Speed Camera Fund	\$566,911

The "Amounts Appropriated" by this section totaling \$86,049,835 shall be for improvement projects and shall be disbursed under the supervision of the City Manager.

SECTION III - GENERAL LEVY

There is hereby levied against all assessable real property within the corporate limits of the City a tax at the rate of twenty-nine and two-tenths cents (\$0.292) on each \$100 of assessable value of said property. There is also hereby levied, against all assessable personal property within the corporate limits of the City, a tax at the rate of eighty and one-half cents (\$0.805) on each \$100 of assessable value of said property. These taxes are hereby levied in order, together with other available revenues and funds of the City government, to provide funds for the

ORDINANCE NO. _____

Page 3

"Amounts Appropriated" as set forth in the foregoing Section I. The tax levies herein provided in this section shall not apply to property in the City of Rockville to the extent that such property is not subject to taxes as provided in any valid and binding annexation agreement.

SECTION IV – TOWN CENTER PARKING DISTRICT LEVY

There is hereby levied against all assessable non-exempt real property within the Town Center Parking District a tax at the rate of thirty-three cents (\$0.33) on each \$100 of assessable value of said property. These taxes are hereby levied in order, together with other available revenues and funds of the City government, to provide funds for the "Parking Fund" as listed in the "Amounts Appropriated" in Section I.

SECTION V – TOWN SQUARE STREET AND AREA LIGHTING DISTRICT LEVY

There is hereby levied against all assessable real property within the Town Square Street and Area Lighting District a tax at the rate of zero cents (\$0.00) on each \$100 of assessable value of said property. These taxes are hereby levied in order, together with other available revenues and funds of the City government, to provide funds for the "Town Center Management District Fund" as listed in the "Amounts Appropriated" in Section I.

SECTION VI – TOWN SQUARE COMMERCIAL DISTRICT LEVY

There is hereby levied against all assessable commercial real property within the Town

ORDINANCE NO. _____

Page 4

Square Commercial District a tax at the rate of zero cents (\$0.00) on each \$100 of assessable value of said property. These taxes are hereby levied in order, together with other available revenues and funds of the City government, to provide funds for the “Town Center Management District Fund” as listed in the “Amounts Appropriated” in Section I.

I hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the Mayor and Council of Rockville at its meeting of

Sara Taylor-Ferrell, City Clerk/Director of Council Operations



Mayor & Council Meeting Date: February 25, 2019
Agenda Item Type: Review and Comment
Department: City Manager's Office
Responsible Staff: Jenny Kimball

Subject

Mayor and Council Action Report

Recommendation

Staff recommends that the Mayor and Council review and comment on the Action Report

Attachments

Attachment 19.A.a: MC Action Report Master 2019 (DOC)

Jenny Kimball

Jenny Kimball, Deputy City Manager

2/21/2019

Blue - new items to the list.

Red - latest changes.

Mayor and Council Action Report

Ref. #	Meeting Date	Staff/ Dep	Response Method	Direction to Staff / Action Taken / Status	Estimated Completion or Agenda Item date
2014-23	9/8/11	R&P	Future agenda	King Farm Farmstead Status: King Farm Associates (KFA) confirmed that the King Farm Farmstead Task Force's proposed future uses are aligned with the deed and covenants and acceptable to KFA. The adjacent property owners were approached, and they agreed to have future conversations with the City. Two public hearings have been scheduled on the Task Force's proposed future uses, on February 4 at City Hall (complete); and another in King Farm on February 27 at 7 p.m. in the community room.	TBD
2015-14	7/13/15	CMO	Future agenda	Purchasing Study Response Status: A status report on the Procurement Action Plan is being provided every six months. The next six-month update will be shared on April 1, 2019.	Ongoing
2016-12	9/26/16	HR	Future agenda	Vacancy Report Provide a Vacancy Report to the Mayor and Council at the end of each Quarter. Status: The second quarter report will be shared on March 4, 2019.	Ongoing
2016-16	10/10/16	CPDS	Future agenda	Global Issues on BRT Schedule another discussion on BRT with the City of Gaithersburg and Montgomery County, to include broader issues such as governance and finance. Consider holding the meeting in Gaithersburg. Status: Montgomery County DOT staff will present alternatives for the Route 355 BRT to the Mayor and Council.	TBD
2016-17	10/24/16	R&P	Future agendas	Caregiver Task Force Provide regular updates on the status of the Caregiver Task Force establishment and work. Status: The group, which meets the first Thursday of the month, has subdivided into three committees: Administration and Process Roles/Responsibilities, Needs Assessment and prioritization, and Best Practices and Award Selection. For FY20, the city is accepting caregiver grant applications and will use the current process to recommend funding in the proposed FY20 budget.	Fall 2019
2016-18	10/24/16	CPDS	Future agenda	Site Plan/Development Review Improvements Provide regular updates on the status of the work. Status: A worksession with the Mayor and Council was held on October 29, 2018. With the Project Charter finalized, staff teams are working on their assigned tasks.	Ongoing

Attachment A

Ref. #	Meeting Date	Staff/ Dep	Response Method	Direction to Staff / Action Taken / Status	Estimated Completion or Agenda Item date
2017-6	2/27/17	CMO	Email	Minority-, Female- & Disabled-Owned Businesses Provide updates on the Procurement Division's activities to engage and support minority-, female- and disabled-owned businesses. Status: A report is being shared every six months. The next update will be shared on April 1, 2019.	Ongoing
2017-9	4/3/17	Procurement	Agenda item	Procurement of Internal Auditor Services Status: Proposals were due on January 30. The proposal evaluation committee discussed the proposals and selected three firms to interview. Anticipate contract award at the end of March.	March 2019
2017-11	6/12/17	R&P	Agenda item	Deer Population in Rockville Continue to monitor the deer population. Consider action steps and gather community input. Status: On January 7th, the Mayor and Council discussed background and options for deer management, and selected Option 2, implementation of a pilot deer culling program to occur in calendar year 2020, in addition to continuing current deer management activities. The first step is to prepare an implementation plan during the spring and summer of 2019.	Fall 2020
2017-17	12/11/17	CPDS/CAO	Agenda Item	Changes to the Sign Ordinance Provide a project scope and timetable for review and amendments to the Sign Ordinance. Status: Public outreach sessions took place on February 4 and 7. Staff will document this feedback and provide the draft comprehensive sign ordinance amendments to the Planning Commission and then the Mayor and Council this spring.	TBD
2018-1	1/22/18	Finance	Action Report	Utility Billing System Provide updates on the replacement of the Velocity Payment System, powered by Govolution. Status: An award of RFP 02-19 Water Utility Billing Software is scheduled for a February 25, 2019 Mayor and Council meeting, followed by a six-month system implementation process.	Summer 2019
2018-2	2/26/18	R & P	Agenda Item	Walking Path Lighting Share information on the current policy/practice regarding lighting on City paths. Status: As a first step, staff will provide a memorandum outlining the current policy, identifying City paths that are candidates for lighting based on the nature of the public's use for travel, as well as an estimate of costs.	TBD
2018-3	3/5/18	HR	Agenda Item	Health Benefits Advisory Committee Report Brief the Mayor and Council on the FY18 work of the Committee and the	Ongoing

Ref. #	Meeting Date	Staff/ Dep	Response Method	Direction to Staff / Action Taken / Status	Estimated Completion or Agenda Item date
				recommendations included in their work. Status: The Mayor and Council gave the City Manager authorization to work with Montgomery County to develop an agreement for the City to participate in the County's medical benefit plan, with potential participation in FY2020	
2018-5	3/19/18	CMO/ CC/DCO		Fraud Tipline Discuss the option to develop a tipline for external customers to report suspected fraud or abuse, including approaches to implementing the tipline. Status: The tentative activation date for the external tipline is February 25, 2019.	February 2019
2018-6	3/19/18	CPDS	Agenda Item	Uses in the MXE Zone Remove the currently-allowed self-storage facilities, shooting galleries and possible other uses from the MXE Zone. Status: Authorization to file Amendments to MXE Zone is scheduled for the Mayor and Council meeting on March 4, 2019.	TBD
2018-7	6/18/18	CMO	Agenda Item	LGBTQ Initiatives Identify and implement Mayor and Council suggestions. Status: A timeline for implementation of gender-neutral restrooms, R-Zone signs, and respectful workforce training within one year of hire has been shared with the Mayor and Council.	TBD
2018-8	6/18/18	RCPD/R&P	Town Meeting	Opioid Town Meeting Schedule a Town Meeting on the opioid crisis, to include prevention, enforcement and treatment. Status: The next planning meeting is scheduled for February 28. Planning is underway for the March 7, 2019 keynote by Chris Herren, and a panel event at Montgomery College on March 30, 2019.	Ongoing
2018-9	6/18/18	CMO	Worksession	Schedule a worksession on Millennials Identify who they are, how to engage them in local govt, and outreach strategies. Status: The Mayor and Council received a presentation and held a discussion on Millennial engagement at the meeting on January 15, 2019. Staff will schedule a follow-up agenda item to explore how the City can use the information presented.	Ongoing
2018-11	8/1/2018	CPDS/CMO	Agenda Item	Neighborhood Shopping Centers Discuss mechanisms to encourage neighborhood shopping center revitalization and explore additional zoning and uses	TBD
2018-12	8/1/2018	CMO/RCPD	Email	Emergency Operations Center Schedule follow-up tours of the Laurel Emergency Operations Center (EOC) for Mayor and Councilmembers and Senior Staff.	TBD

Ref. #	Meeting Date	Staff/ Dep	Response Method	Direction to Staff / Action Taken / Status	Estimated Completion or Agenda Item date
				Status: The Mayor and Council have toured the City of Laurel EOC. Emergency Management was a worksession item on the February 4, 2019 agenda. Staff will facilitate tours of the County EOC for interested Mayor and Councilmembers.	
2018-13	9/17/18	CC/DCO/ City Attorney	Future Agenda	Board of Supervisors of Elections (BSE) Update Mayor and Council requested that the Board provide an update on the implementation of the new election format, and an updated fiscal impact of the upcoming election at a future Mayor and Council meeting. Status:	TBD
2018-15	10/8/18	Police/CPDS	Future Agenda	Airbnb Discuss how to manage Airbnb's impact on city neighborhoods and explore options for taxing Airbnb users. Status: CPDS staff is currently researching.	TBD
2018-16	10/8/18	Human Resources/ Facilities	Future Agenda	City Clerk/Director of Council Operations (CC/DCO) Role and Space Status: The City Manager provided information about CC/DCO office space by memo. The Mayor and Council will discuss the Director of Council Operations role on agenda. Status: The CC/DCO suite was relocated. An agenda item to discuss the role of the CC/DCO is scheduled for the meeting on March 25, 2019 .	March 25, 2019
2018-18	10/15/18	PW	Future Agenda	Amendment to the Rockville City Code to Ban Polystyrene and Straws Discuss exceptions, and waivers for straws for special needs. Status: At the meeting on November 19, 2018, the Mayor and Council adopted the proposed amendment to Chapter One of the City Code to extend the effective date for purposes of the plastic straw ban only and directed staff to obtain comments from the Environmental Commission (EC) and Human Services Advisory Commission (HSAC); and will take up waivers and exceptions later. At the meeting on January 7, the Mayor and Council directed staff to place this on a May 2019 agenda and include input from the EC and HSAC at that time.	July 1, 2019
2018-19	10/15/18	HR	Future Agenda	Volunteer Program Discuss whether the Mayor and Council want to direct the City Manager to create a centralized volunteer program. Status: This was on the January 28 agenda. Staff will compile the Mayor and Council feedback and prepare an action plan for implementing changes to the City's program.	May, 2019
2018-20	12/10/18	R & P	Future Agenda	National Golf Foundation Study Status: The NGF report was distributed to the Mayor and Council on January 30, 2019. NGF will do a presentation of their study for the Mayor and Council on February 25, 2019.	February 25, 2019

Ref. #	Meeting Date	Staff/ Dep	Response Method	Direction to Staff / Action Taken / Status	Estimated Completion or Agenda Item date
2018-21	12/17/18	PW	Future Agenda	Rockville: Assessment of Transit Services Schedule a date on future agendas Status: A workshop for community members to help evaluate Rockville's transit needs took place on February 5, 2019. The City's consultant is also conducting a survey about transportation issues facing city residents and workers. Upon completion, the consultant's work will be scheduled on a Mayor and Council agenda.	May 2019
2019-1	10/29/18	CPDS	Future Agenda	Accessary Structures Status: An agenda item on Accessary Structures is tentatively scheduled for March 25, 2019.	March 25, 2019

CLOSED / COMPLETED

2018-4	3/5/2018	IT	Agenda Item	Rockville Information Technology Strategy Brief the Mayor and Council on the City's overall strategy on information technology, including the current state of technology, future goals and implementation strategies. Another briefing will be provided to the Mayor and Council in September 2019.	Complete
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Mayor & Council Meeting Date: February 25, 2019
Agenda Item Type: Review and Comment
Department: City Clerk/Director of Council Operations Office
Responsible Staff: Sara Taylor-Ferrell

Subject

Future Agendas

Recommendation**Attachments**

Attachment 20.A.a: 03.04.19 Mock Agenda (DOC)
Attachment 20.A.b: Future Agendas 02.25.19 (XLS)



MAYOR AND COUNCIL

MEETING NO.

Monday, March 4, 2019 – 7:00 PM

AGENDA

Agenda item times are estimates only. Items may be considered at times other than those indicated.

Any person who requires assistance in order to attend a city meeting should call the ADA Coordinator at 240-314-8108.

7:00 PM **Convene**

1. **Pledge of Allegiance**

2. **Agenda Review**

7:05 PM 3. **City Manager's Report**

7:10 PM 4. **Proclamation**

A. **Proclamation Declaring March 2019 as National Women's History Month**

7:15 PM 5. **Community Forum**

Any member of the community may address the Mayor and Council for 3 minutes during Community Forum. Unless otherwise indicated, Community Forum is included on the agenda for every regular Mayor and Council meeting, generally between 7:00 and 7:30 pm. Call the City Clerk/Director of Council Operation's Office at 240-314-8280 to sign up to speak in advance or sign up in the Mayor and Council Chamber the night of the meeting.

6. **Mayor and Council's Response to Community Forum**

7. **Mayor and Council Announcements**

7:35 PM 8. **FY 2020 Budget Public Hearing**

- 8:05 PM 9. Second Quarter FY 2019 Financial Report
- 8:15 PM 10. Montgomery Cares Eligibility Policy Changes Letter
- 8:30 PM 11. Fiscal Year 2019 Second Quarter Vacancy Report
- 8:40 PM 12. Authorization to File a Zoning Text Amendment to Not Permit Certain Uses in the MXE (Mixed Use Employment) Zone and Make Certain Technical Changes
- 8:55 PM 13. Authorization to File Zoning Text Amendment to Regulate the Installation of Small Cell Antennas
- 9:05 PM 14. Revisions to the Moderately Priced Dwelling Unit (MPDU) Ordinance and Regulations
- 9:20 PM 15. Discussion, Instructions, and Possible Adoption on an Ordinance to Enact a New Chapter 7.5 in the Rockville City Code Entitled "Development Rights and Responsibilities Agreements"
- 9:50 PM 16. Review and Comment - Mayor and Council Action Report
- A. Mayor and Council Action Report
17. Review and Comment - Future Agendas
18. Old/New Business
- 10:05 PM 19. Adjournment

The Mayor and Council Rules and Procedures and Operating Guidelines establish procedures and practices for Mayor and Council meetings, including public hearing procedures. They are available at: <http://www.rockvillemd.gov/mcguidelines>.

Future Agendas
Tentative as of February 25, 2019

Meeting : 03/02/19 09:00 AM (1 item)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Interviews		Council Vacancy Interviews
Meeting : 03/04/19 07:00 PM (10 items)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Discussion, Instructions and Possible Adoption	30	Discussion, Instructions, and Possible Adoption on an Ordinance to Enact a New Chapter 7.5 in the Rockville City Code Entitled "Development Rights and Responsibilities Agreements"
	Review and Comment	5	Mayor and Council Action Report
	Discussion and Possible Approval	15	Montgomery Cares Eligibility Policy Changes Letter
	Proclamation	5	Proclamation Declaring March 2019 as National Women's History Month
	Discussion, Instructions and Possible Adoption	15	Revisions to the Moderately Priced Dwelling Unit (MPDU) Ordinance and Regulations
	Authorization	15	Authorization to File a Zoning Text Amendment to Not Permit Certain Uses in the MXE (Mixed Use Employment) Zone and Make Certain Technical Changes

Future Agendas
Tentative as of February 25, 2019

	Authorization	15	Authorization to File Zoning Text Amendment to Regulate the Installation of Small Cell Antennas
	Public Hearing	30	FY 2020 Budget Public Hearing
	Presentation	10	Second Quarter FY 2019 Financial Report
	Discussion	10	Fiscal Year 2019 Second Quarter Vacancy Report
Meeting : 03/05/19 07:00 PM (Tentative)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Interviews		Council Vacancy Interviews
Meeting : 03/18/19 07:00 PM (2 items)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Discussion	60	RedGate Discussion
	Work Session	60	Fiscal Year 2020 Mayor and Council Budget Worksession

Future Agendas
Tentative as of February 25, 2019

Meeting : 03/25/19 07:00 PM (12 items)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Discussion	20	Role of the Director of Council Operations
	Presentation	30	2018 City of Rockville Community Survey
	Review and Comment	5	Mayor and Council Action Report
	Adoption	30	Possible Adoption of a Resolution for the Shady Grove Neighborhood Center
	Discussion	60	Town Center Discussion
	Public Hearing	60	Public Hearing on Project Plan PJT2018-00011, Twinbrook Quarter, for a Proposed Mixed-Use Development Consisting of Multi-Unit Residential, Retail and Office Use in the MXTD (Mixed Use Transit District) Zone at 1500-1616 Rockville Pike; Saul Partners LP, Applicants
	Discussion and Instructions	30	North Stonestreet Avenue Comprehensive Master Plan Amendment Discussion and Instruction

Future Agendas
Tentative as of February 25, 2019

	Presentation and Discussion	30	Staff Proposal on Zoning Text Amendment on Parkland Acquisition
	Authorization	30	Authorization to File Zoning Text Amendment - Accessory Dwelling Units and Accessory Buildings
	Consent	5	Retiree Benefit Trust
	Consent	5	Award IFB #18-18, Architectural and Engineering Services
	Proclamation and Recognition	10	Arbor Day Proclamation
Meeting : 04/01/19 07:00 PM (12 items)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Proclamation	5	Proclamation Declaring April 28, 2019 Rockville Science Day
	Presentation	15	Procurement Action Plan Update
	Presentation	15	MFD Update

Future Agendas
Tentative as of February 25, 2019

	Authorization	10	Authorization to File Zoning Text Amendment - Amend Article 20 in Connection with Proposed Revisions to the Water and Sewer Provisions of the Adequate Public Facilities Standards
	Introduction	20	Introduction of Proposed Revisions to the Water and Sewer Provisions of the Adequate Public Facilities Standards (APFS)
	Authorization	15	Authorization to File Zoning Text Amendment to Amend Article 25 of the Zoning Ordinance - Adequate Public Facilities Ordinance (APFO),
	Public Hearing	30	FY 2020 Budget Public Hearing
	Work Session	60	Fiscal Year 2020 Mayor and Council Budget Worksession
	Discussion, Instructions and Possible Adoption	10	Discussion and Instructions and Possible Adoption of Comprehensive Transportation Review Changes to the Adequate Public Facilities Standards
	Introduction	45	Presentation and Introduction of Ordinance to Amend Chapter 24 of the Rockville City Code: Water, Sewer, and Wastewater Disposal
	Introduction	20	Presentation and Introduction of Ordinance to Amend Chapter 21 of the Rockville City Code: Streets and Public Improvements
	Discussion, Instructions and Possible Adoption	10	Discussion, Instruction, and Possible Adoption of the Comprehensive Transportation Review

Future Agendas
Tentative as of February 25, 2019

Meeting : 04/29/19 07:00 PM (7 items)			
	Category	Estimated Agenda Time Needed (in minutes)	Agenda Item
	Public Hearing	30	Public Hearing for Project Plan PJT2018-00010, to Allow an Amendment to the Existing Planned Development to Permit 6,084 Square Feet of Retail Use and 900 Square Feet of Office Use in the PD-CB (Planned Development - Champion Billiards) at 900 Rockville Pike; Joel Danshes, Applicant
	Introduction and Possible Adoption	30	North Stonestreet Avenue Comprehensive Master Plan Amendment Introduction and Possible Adoption
	Public Hearing	60	Public Hearing on Zoning Text Amendment TXT2019-00250 - Comprehensive Revisions to the Sign Code
	Discussion and Instructions	60	Discussion and Instructions to Staff on Project Plan PJT2018-00011, Twinbrook Quarter, for a Proposed Mixed-Use Development with Multi-Unit Residential, Retail and Office Uses in the MXTD Zone at 1500-1616 Rockville Pike; Saul Partners LP, Applicants
	Presentation	15	City Travel Policy
	Work Session	60	Fiscal Year 2020 Mayor and Council Budget Worksession (If Needed)
	Introduction and Possible Adoption	5	Introduction, and Possible Adoption, of an Ordinance to Amend Ordinance #__-19 to Appropriate Funds and Levy Taxes for Fiscal Year 2019 (Budget Amendment #4)